Austria Sch 20	Indonesia Rp 2500	Portugal Esc 90
Bahrain Din 0.650	Italy L 1600	S Arabia Rls 6.00
Belgium Fr 45	Japan Y550	Singapore S$ 4.10
Canada C$1.00	Jordan Fils 500	Spain Pta 125
Cyprus C£0.75	Kuwait Fils 500	Sri Lanka Rup 30
Denmark Dkr 8.00	Lebanon £L 5.00	Sweden Skr 7.00
Egypt E£1.00	Luxembourg LFr 45	Switzerland SFr 2.20
Finland Fmk 6.50	Malaysia Rm 4.25	Taiwan NT $65
France Fr 7.00	Mexico Pes 300	Tunisia Din 0.630
Germany DM 2.20	Morocco Dr 6.00	Turkey L 250
Greece Dr 80	Netherlands Fl 2.75	UAE Dh 6.50
Hong Kong HK$ 12	Norway Nkr 7.00	USA $1.00
India Rup 15	Philippines Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,907 — Friday April 18 1986 — D 8523 B

West's economic remedies on trial, Page 7

World news

Reagan 'close to' Salt 2 decision

President Ronald Reagan is believed to be close to a decision on whether the US should continue to comply with the 1979 Strategic Arms Limitation Treaty (Salt 2) or start breaking out of the treaty's limits in response to alleged Soviet arms control violations.

A decision to end full US treaty compliance could have a serious impact on US-Soviet relations, already shaken by this week's US air strike against Libya and Mr Reagan's rejection of a series of arms control initiatives.

The issue has been the subject of fierce debate between hardline conservatives and more moderate advocates of arms control in Washington for many months. Page 4

Freeze call

European Parliament called for a general freeze in farm prices in the toughest stand it has taken on the problem of EEC food surpluses. Commodities, Page 38

Waldheim files

A prominent US lawyer is to be given access to Yugoslav documents on the wartime career of former UN secretary-general Kurt Waldheim, officials said.

Seamen end strike

West German seamen called off a six day old strike after union officials and employers agreed on better pay and conditions. Page 2

Appeal refused

Striking Finnish state workers rejected government calls to reopen rail links with the Soviet Union despite a press report that Moscow had appealed for the traffic to be restored.

Carrier ablaze

Crew of a Panamanian liquefied petroleum gas carrier abandoned ship after it was hit and set ablaze in a rocket attack in the Gulf.

Death penalty call

Jean-Marie Le Pen, leader of France's extreme right-wing National Front, called for re-establishment of the death penalty to strengthen the fight against crime and terrorism.

More wine arrests

Italian police investigating a scandal in which at least 21 people are believed to have died after drinking adulterated wine said four more wine producers had been arrested.

Seoul demonstration

Thousands of students staged anti-government demonstrations in Seoul calling for the restoration of democracy in South Korea.

Coal stoppage

Australia's 30,000 coal miners are today to launch a six-day pay strike in defiance of an industry tribunal's order and a warning by mining chiefs that overseas customers are buying elsewhere.

Ruling on unmarried

European Court of Justice ruled that EEC states should not discriminate against foreign unmarried couples. The court decided that a British woman could not be expelled from the Netherlands on the grounds that she was unemployed as she had a stable relationship with her boyfriend who was in work.

Longest war ends

The longest war in history has ended without a shot being fired. After officially being "at war" since 1651, the Netherlands and the Isles of Scilly, 28 miles off Britain's south-west coast, have signed a peace treaty to end "hostilities."

Business summary

Kimberly Clark may sell SA stake

KIMBERLY-CLARK, US paper products group, threatened to sell its minority interest in Carlton Paper of South Africa, unless majority shareholder Gencor agreed to promote actively the "Sullivan code" on desegregation and fair employment. Page 26

WALL STREET: at 2pm the Dow Jones industrial average was 0.25 down at 1,847.72. Page 46

TOKYO: rate cut hopes boosted prices across a wide front. The Nikkei average gained 128.48 to 15,486.84. Page 46

LONDON: Shares and gilts raced higher on mounting pressure for cheaper money. The FT Ordinary share index added 21.8 to 1,401.2 and the FT-SE 100 gained 18.9 to 1,680.9. Page 46

HONG KONG: Optimism ahead of *Cathay Pacific's flotation* sent prices soaring. The Hang Seng index hit 1,812, up 20. Page 46

DOLLAR fell in London to DM 2.2245 (DM 2.2510), SFr 1.8555 (SFr 1.8865), FFr 7.0925 (FFr 7.1625) and Y175.65 (Y176.60). On Bank of England figures, the dollar's exchange rate fell from 117.3 to 116.4. Page 39

STERLING rose in London to $1.5245 ($1.5055). It also rose to DM 3.3925 (DM 3.39), FFr 10.8125 (FFr 10.7825), Y267.75 (Y266), but fell to SFr 2.8275 (SFr 2.84). The pound's exchange rate index rose from 76.4 to 76.8. Page 39

GOLD rose $0.75 an ounce in the London bullion market to close at $339.75. It fell in Zurich to $340.05 from $341.25. Page 38

BANK of England again resisted pressure to cut bank base rates as sterling rose to its highest level against the dollar for almost three years. In France, financial markets fell following the Government's budget package, despite an interest rate cut announced by the country's leading banks. Details, Page 26; Market reaction, Page 26; Swedish discount rate cut, Page 2

MEXICAN oil prices fell a further $3.20 in March to a weighted average of $11.28 a barrel. But Mexico has still not been able to recover market share lost when the oil market began to collapse in January. Page 4

VOLKSWAGEN, the West German car producer, plans to double its dividend payment for last year after increasing profits by 163 per cent. Page 26

ESSO UK announced post-tax profits for 1985 of £634m ($954m), compared with £709m for 1984. The company is to dip into its reserves to pay a dividend of £835m to its parent company, Exxon of the US.

RENAULT Vehicules Industriels, large truck-making subsidiary of troubled French state-owned Renault car group, is losing less than FFr 100m ($13.9m) a month compared to about FFr 150m a month last year. Page 28

DOW CHEMICALS, the second biggest US chemicals company, reported a 59 per cent increase in first-quarter net income to $175m. Page 27

KRUPP STAHL, part of the Krupp industrial group and the largest producer of special steels in Western Europe, reported profits more than doubled last year to DM 57m ($25.3m). Page 27

SHEARSON LEHMAN, the Wall Street securities firm and American Express subsidiary, has set up a $60m pre-tax reserve to cover potential losses stemming from the collapse of the tin market. Page 27

PHILIP MORRIS and R. J. Reynolds, the two big US tobacco conglomerates, reported double digit profit increases, benefiting from their recent respective acquisitions of General Foods and Nabisco. Page 27

WE REGRET that Toronto prices were not available for this edition due to communication problems.

Plot to blow up El Al jet over London foiled

AN ARAB terrorist plot to blow up an Israeli airliner with 400 aboard while it was flying over London was foiled yesterday.

Disaster was averted by El Al security staff who discovered the device hidden in a holdall during a routine security check at Heathrow Airport – 35 minutes before the jet was due to take off for Tel Aviv.

The holdall was being carried by a pregnant, Irish-born woman who police believe was duped by her Arab boyfriend into trying to board the aircraft with the explosive device.

Commander George Churchill-Coleman, head of Scotland Yard's anti-terrorist branch, said the bomb was primed to go off while the aircraft was flying over London.

"It is highly likely such an explosion would have resulted in the loss of the aircraft, a Boeing 747 jumbo jet, and the 400 passengers and crew."

The commander named the man police believe is behind the bomb plot as Nezar Hindawi – 35 years old, clean-shaven, 5ft 10in tall (1.8 metres) with black curly hair, greying at the sides.

He is believed to have dropped off the girl with the holdall at the airport yesterday morning, leaving her "in all innocence" to board the aircraft and suffer the same fate as the others, Mr Churchill-Coleman said. He added that there was "a very real possibility" she had been duped into carrying the bomb.

Detectives made it clear last night that they no longer believed that Hindawi was the Arab seen running away at Heathrow's Terminal 1 in the midst of the alert. There had been a major police operation in which the whole of Terminal 1 was cleared and searched in case he was in hiding. But police later came to the conclusion that the running man was probably in a hurry to catch a plane.

The commander said the woman, who was still being interviewed, was single and lived and worked in London at a hotel. She had met Hindawi in London and they had known each other about 12 months. She was on her way to Tel Aviv for a holiday in Israel with the holdall, which belonged to her.

Commander Churchill-Coleman said: "At this stage we are talking to the lady and there is no question of her being charged at the moment."

The bomb was detected at a very early stage in the sequence of routine checks, he said.

The alarm began just before 9.15am when the woman trying to board El Al flight LY016 scheduled to depart at 9.50am for Tel Aviv was routinely searched by security staff.

El Al had only recently moved to Terminal 1 following a security reassessment in the wake of the Vienna and Rome massacres.

Beirut kidnappers kill Britons in revenge for Libya bombing

BY NORA BOUSTANY IN BEIRUT AND TONY WALKER IN TRIPOLI

THE BODIES of three Britons, kidnapped in Lebanon, were found yesterday in a mountainous area near the main road from Beirut to Damascus. They had all been shot in retaliation for the US bombing attack on Libya this week.

Another Briton, Mr John McCarthy, was reported to have been seized by gunmen on the road to Beirut airport which runs through suburbs held by Shia Moslems. Mr McCarthy works for the London-based World Television news agency and was on his way back to London.

British Ambassador's former residence in Beirut also came under attack when seven rocket-propelled grenades crashed into the upper part of the building. The house had been abandoned by the British last year for security reasons.

A note found near the bodies of the Britons described the three men as intelligence agents. It said they had been killed in retaliation for the US attack on Libya.

The three victims were: Mr Alec Collett, 64, a journalist working for the United Nations; Mr Leigh Douglas, 34, a political science teacher at the American University of Beirut; and Mr Philip Padfield, 40, the director of Beirut's international language centre. The identification was made by Mr John Rowan, an Irish diplomat, who knew the men.

Mr Collett, a diabetic, was kidnapped by three gunmen in the south of Beirut more than a year ago. Following recent efforts by Mr John Gray, the British Ambassador in Lebanon, hopes had risen for his release.

Responsibility for Mr Collett's kidnap had been claimed by the Organisation of Socialist Moslem, a group believed linked to Libya and to the Fatah Revolutionary Council headed by Abu Nidal.

Mrs Margaret Thatcher, the British *Prime Minister*, yesterday restated her insistence that the US would have to ask again if it wanted to use bases in the UK for an operation like the raid on Libya. She mentioned for the first time, however, the possibility of withholding such permission, as opposition criticism intensified. Page 26

Mr Douglas and Mr Padfield were seized nearly three weeks ago soon after leaving a discotheque.

The handwritten message found near the bodies was signed by the Arab Fedayeen Cells and pledged to strike again at British and American targets.

"We tell our struggling masses in the Arab world and elsewhere in the world that the US and British imperialism and their interests will be our targets. We will not stop until we purify our nations from them. We will follow and chase them everywhere," the note said. It was dated April 16.

The Arab Fedayeen Cells, although previously unheard of, carries a name similar to other pro-Libyan groups such as the Arab Revolutionary Cells and the Arab Revolutionary Brigades which have claimed responsibility for terrorist operations in Europe and the Mediterranean.

The area where the bodies were found falls under the immediate control of the Druze militia and is generally regarded as part of Syrian-held territory.

There has been no word of Mr Brendan Keenan, an Irish teacher at the American University in Beirut, who disappeared last week. Six Americans and four French are also being held by extremist groups.

British bases in the Mediterranean have been reinforced and security stepped up in the past 48 hours to protect them from possible Libyan attack. Aircraft have flown additional equipment into the main British base at Episkopi in Cyprus.

There is also speculation that the Cyprus bases may be used to launch a rescue mission to lift Britons and some other foreign nationals from Beirut. Diplomats said that there were still about 50 British passport holders living in Moslem West Beirut.

Meanwhile Britons contacted in Tripoli, the Libyan capital, said they were adopting a "wait and see policy." Most said they intended to stay although several planned to send their families back to Britain.

There are estimated to be about 5,000 Britons living in Libya, including their dependants. In addition there are about 8,000 Italians and 800 to 1,000 Americans.

Tension in Tripoli appeared to have eased yesterday following the appearance of Col Muammer Gadaffi on television. More shops reopened together with offices in the main business district and the airport was said to be open again for incoming flights.

A Western official commented that on Tuesday and Wednesday it seemed as if "not all army units were under the control of the central leadership in Tripoli."

He said small arms fire had been heard in several places around the city, suggesting that there had been problems between various political and military factions.

The Libyan crisis, Page 6

EEC promises tough moves against Tripoli

BY QUENTIN PEEL IN BRUSSELS

MEMBER states of the European Economic Community (EEC) are set to take further, tougher measures next week against Libya to curb the threat of new terrorism and dissuade the US Government from any escalation of the military confrontation in the Mediterranean.

They also intend to launch an urgent diplomatic initiative to include the Arab League, the Non-Aligned Movement, and the Warsaw Pact in international action against terrorism.

Those were the key conclusions of yesterday's emergency meeting of EEC foreign ministers in Paris, summoned in the wake of the US bombing of targets in Tripoli and Benghazi and the subsequent international outcry.

In spite of widespread misgivings about the attack, the 12 EEC countries avoided any prolonged recrimination aimed either at the US or at Britain for allowing bases in the UK to be used for the operation. They concentrated instead on what to do to prevent further conflict and to stop any lasting divide opening between the US and its European allies.

Closure of all Libyan People's Bureaux in EEC capitals is one of the options in a new report which the foreign ministers will consider in depth next week. However, full economic sanctions, including the suspension of oil purchases from Libya, are still rejected by the member states.

The need for action to prevent an escalation of the conflict was stressed by several ministers, including Mr Hans-Dietrich Genscher of West Germany, Britain's Sir Geoffrey Howe and Mr Hans van den Broek, the Dutch Foreign Minister and current chairman of the EEC council. However, Greece in particular, remains sceptical.

"All must be done to avoid further military escalation", Mr van den Broek said in his conclusion after the talks. He was convinced of the need for a political solution.

He said that the ministers had agreed to accelerate implementation of the diplomatic sanctions they had decided on last Monday – including restrictions on the movement of Libyan diplomats and cuts in their numbers.

Sir Geoffrey called yet again for the closure of the nine People's Bureaux still open in EEC capitals. "If the Libyan Peoples' Bureaux are in effect the command posts of terrorism, then their existence throughout Europe increases the chances of a terrorist action," he said.

The British Foreign Secretary said the "credibility of the Community has not come well out of the inability so far to take collective action in this respect." He hoped at least that the other member states would agree to "drastically curtailing the size of these missions."

He expressed his sympathy for the anguish of the families of the British hostages in Beirut, but insisted that firm action to counter terrorism must not be given up because of the danger of further casualties.

Mr van den Broek said the Community would launch an initiative to include the Arab League, the Non-Aligned Movement, the Warsaw Pact, the US and the Soviet Union in international action against terrorism. First prospects for such a mission had already been made, he said.

He said the ministers were satisfied that none of them had known on Monday that a final US decision had been taken to attack Libya – thus answering criticism which had been aimed in particular at Sir Geoffrey Howe.

US growth estimated at 3.2% in first quarter

By Stewart Fleming in Washington

THE US economy expanded more strongly in the first quarter of 1986 than many economists were expecting, with real gross national product rising at an annual rate of 3.2 per cent, the Commerce Department said yesterday.

But many economists are convinced that the first-quarter figures are giving too optimistic an impression of the short-term economic outlook in part because of favourable comparisons with the fourth quarter of 1985 when flat consumer spending coupled with a severe deterioration in the foreign trade sector and inventory disinvestment helped to hold the annualised rate of expansion to 0.7 per cent.

Partly for this reason economists such as Mr William Griggs, of Griggs and Santow, argued yesterday that the GNP data should not alter expectations in the financial markets that the Federal Reserve will cut its discount rate from 7 per cent to 6½ per cent, a move which could also trigger a lowering of bank lending rates and help to give the economy a boost.

What the first-quarter figures may do, however, is give the Fed more latitude in timing a discount rate cut which many have been expecting could be implemented today. Should US officials want to cut the discount rate in the context of an internationally co-ordinated round of rate reductions, there now appears to be more time to organise such an initiative if it has not already been agreed.

Mr Malcolm Baldrige, the Commerce Department Secretary, maintained yesterday that the figures indicated that the US could achieve its target of 4 per cent real growth this year. Nevertheless, he conceded that there were cross-currents in the economy, with areas of weakness as well as strength.

He cited domestic private investment as one of the strongest sectors, reflecting sharp declines in long-term interest rates, and added that consumer expenditure grew in the first quarter at a moderate pace after stagnating in the fourth quarter of last year.

He said that the drag from the foreign trade sector should end with an improvement in the trade deficit during the year, bringing a stabilisation in net exports. More Americans and foreigners taking holidays in the US should also boost growth, he said.

In the first quarter, he said, capital spending weakened, mainly because cuts in computer and truck

Continued on Page 26

Baker calls for faster economic growth in industrial countries

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN PARIS

MR JAMES BAKER, the US Treasury Secretary, yesterday stepped up the Reagan Administration's demands for faster economic growth in other industrial nations and said he saw scope for further reductions in interest rates.

In a forthright speech at the 24-nation Organisation for Economic Co-operation and Development (OECD), Mr Baker said that the recent fall in the value of the dollar would not be enough to reduce the huge US current account deficit to a sustainable level. That in turn threatened a revival of protectionism in the US, which the Administration would find hard to resist unless it could hold out the prospect of further progress.

His comments came as finance, foreign and trade ministers received a relatively optimistic forecast of the outlook for the world economy following the collapse of oil prices.

Mr Baker, setting out US priorities for next month's world economic summit in Tokyo, said that improved inflation prospects in the industrialised world provided a clear opportunity for countries outside the US to adopt policies conducive to faster economic growth.

He made clear that Washington expected countries such as Japan and West Germany, where inflation is now virtually zero, to seek to close the "growth gap" with the US. That could be done through a mixture of fiscal, monetary and structural policies aimed at achieving a faster expansion of output.

Mr Baker said that, on current projections, the US current account deficit could fall to around $100bn next year from $120bn in 1986. Without either a further fall in the value of the dollar or faster growth in Europe and Japan, however, it might then begin to rise again.

He said: "The 1987 level – in the $100bn range – is not politically sustainable. I must tell you, frankly, that protectionism in the US is not dead."

The OECD secretariat, in a revised set of projections, forecast that economic growth among its members would average 3¼ per cent both this year and next. By 1987, the average inflation rate in industrialised countries should be below 3 per cent for the first time in over 20 years, the OECD said.

It forecast, however, that the growth rate in Europe would remain below that of the US, and was less confident than the US Administration on the prospects for a lower US current account deficit.

Mr Baker's optimism on the outlook for further reductions in interest rates was echoed by finance ministers of other industrial nations, although both Mr Nigel Lawson, the UK Chancellor of the Exchequer, and Mr Eduard Balladur, the French Finance Minister, cautioned against too rapid a fall this year.

Mr Lawson joined other ministers in voicing fears that the current spate of agricultural disputes between the US and Europe could erupt into a damaging trade war. He supported a call from the US

Continued on Page 26

Swedish discount rate cut, Page 2; Pressure to cut UK rates, Page 26; French markets tumble, Page 26

CONTENTS

EUROPEAN NEWS

Sweden lowers discount rate

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDIS Hcentral bank is to lower the discount rate from today from 8.5 to 8 per cent, its lowest level since autumn 1979. This is the third cut this year and follows a sharp fall in market rates in the past two weeks.

The Riksbank said yesterday that lowering of market rates had been made possible by "a balanced foreign exchange market and a decline in international interest rates."

Short-term rates have now fallen to the lowest levels since money market operations began in Sweden with the introduction of certificates of deposit by the banks in 1980. Six-month and longer rates are now below 10 per cent. During the past two weeks, market rates have fallen by close to one percentage point.

The central bank's cautious move was received negatively by Stockholm financial markets and short-term rates edged slightly higher yesterday.

For the moment, the Riksbank faces new external constraints, with a continuing strong inflow of currency — SKr 9.1bn (£835m) since the beginning of the year—and a current account back in surplus thanks to the steep fall in oil prices and the weaker dollar.

For domestic reasons, however, it is unwilling to signal any marked easing of monetary policy, and is worried about the continuing strong increase in private consumption. Retail sales show a furter jump of 3 per cent in the first two months of the year.

Unio nleaders, who last week called for a big cut in interest rates in the wake of the national private sector wage settlements, voiced disappointment at the half point reduction. "We expect early additional cuts, there is room," said Mr Rune Molin, deputy chairman of the blue colar union confederation.

● Sweden achieved a greatly improved trade balance in the first three months of the year with a surplus of SKr 8.9bn compared with SKr 1.3bn a year earlier. Falling oil prices account for around a third of the improvement, according to the central office of statistics.

Industrial production in February was 3.7 per cent higher tha na year earlier but virtually unchanged compared with January.

New orders to Swedish industry in the three months December to February were some 4 per cent higher than in the preceding three months and 5 per cent higher than a year earlier.

Broadcasters agree on co-production deal

BY RAYMOND SNODDY IN LONDON

SIX of Europe's broadcasters hope to expand their joint plans to co-produce programmes for Europe and the world market. The European Co-Production Association, set up last year, has decided to go ahead with pilot programmes of about 100 minutes each for three new drama series.

But the association, meeting in Mainz, West Germany, earlier this week, has also decided to study the possibility of co-production in the arts and music, young people's programming and information and documentaries.

The association brings together Antenne 2 of France, Channel 4 of the UK, ORF of Austria, SRG of Switzerland and ZDF of West Germany.

The aim of the association is to produce high-quality television programmes at a fraction of what it would cost each television organisation individually.

When it was set up last year the initiative was seen as a practical commercial alternative to European Community Commission suggestions of a European Film Fund to stimulate European production. The initial aim was to spend about $60m on drama over a three-year period.

The three pilot drama programmes with a European background announced yesterday are:

● Rally, which examines love of adventure and sport

● The Fourth Man, spy stories set in Vienna and Trieste

● Eureka about people working together on European space and technology projects.

Mr Justin Dukes, managing director of Channel 4, said yesterday the decisions demonstrated the continued progress of the association towards an increased output of drama series with a strong European content.

It would also strengthen cultural and production links between established European broadcasting companies.

● Yorkshire Television, the Leeds-based independent television company, yesterday announced its biggest ever co-production deal worth £12m ($18m).

Yorkshire has teamed up with an American video company, Atlantic Video Ventures, and Harlequin, publishers of romantic fiction to produce six two-hour romances over the next two years.

The intention is to turn the series into a long-term business.

Chirac has Bonn talks with Kohl

By Rupert Cornwell in Bonn

THE NEW conservative French Government plans to continue the policy of closer defence and security co-operation with Bonn pursued by its Socialist predecessor, and given new impetus during Chancellor Helmut Kohl's talks in Paris six weeks ago with President Mitterrand.

This was the most tangible result of a three-hour meeting here yesterday between the Chancellor and Mr Jacques Chirac, the first European visit by the French Prime Minister since he took office last month.

The closer links promised include a French undertaking to consult West Germany before using its tactical nuclear weapons in an East-West conflict, more joint manoeuvres and the exchange of officers for training.

The Government here is leaving no doubt of its conviction that Franco-German understanding is crucial to greater European integration. Mr Kohl will be seeing President *Francois Mitterrand* in Trier next Thursday, while on Wednesday Mr Franz Josef Strauss, the leader of the Bavarian CSU, will discuss extension of the European Airbus project with Mr Chirac in Paris.

Poehl makes strong plea for Britain to join EMS

BY JONATHAN CARR IN FRANKFURT

THE PRESIDENT of the West German Bundesbank, Mr Karl Otto Poehl, has strongly renewed his call on Britain to become a full member of the European Monetary System (EMS), saying the lower exchange rate of the pound had improved conditions for taking the step.

He stressed that "*consolidation* and evolution of the EMS can make a major contribution to the political and economic integration of Europe"—but that full British participation was one key prerequisite.

Mr Poehl's remarks yesterday in a speech in Rome are among the most positive he has made in public about the future possibilities of the EMS and Britain's place in it.

They also come at a time when senior British ministers appear to be increasing pressure on Mrs Margaret Thatcher, the Prime Minister, to decide on full participation. Britain has been a member formally since the EMS began operation in 1979, but does not take part in the exchange rate mechanism.

Mr Poehl said he believed the final aim of monetary integration in Europe "should be a European currency issued and controlled by a European central bank." But this could not be achieved soon. None of the recent newcomers to the European Community had felt able to join the EMS and "more important, the UK still claims that the time is not yet ripe."

Poehl: "different quality"

He stressed that the decisino was, of course, a political one and the responsibility of British authorities, but "a change of mind in London would be welcome from my point of view. *Britain's participation* in the exchange rate mechanism would give the system a different quality."

Mr Poehl did not seek to define this "different quality." But, generally speaking, West German monetary officials reject the notion that sterling as a petrocurency is inherently unstable and would simply bring more prblems for the EMS.

It is argued that if the right initial entry level for sterling is found (a key point to which Mr Poehl indirectly referred) the weight of the EMS would increase and also its potential to withstand dollar shocks.

Apart from the technical arguments, senior officials also make clear that they would like to see n the insiide of the EMS British colleagues (and potential allies) who ppose capital and other economic controls. In his Rome speech Mr Poehl underlined that, along with full UK membership, a free integrated money and capital market was another main prerequisite for consolidating the EMS.

"I welcome the recent dismantling of additional exchange controls that Italy introduced at the beginning of 1986 and the intention of the French government to liberalise capital movements," Mr Poehl said. But he added that "we need further progress in this direction if we want to move ahead with monetary integration in Europe."

Mr Poehl also dropped the broad hint that if such controls were removed and Britain became a full member, the Bundesbank would probably in turn drop its opposition to European currency unit-denominated accounts in West Germany.

The central bank has been criticised repeatedly by other member states and the European Commission *for not taking* a more liberal attitude to Ecu accounts. Mr Martin Bangemann, the Bonn Economics Minister, has also been applying pressure to help the Bundesbank change its view.

Mr Poehl stressed that the Bundesbank did not oppose private use of Ecus on principle, but feared that a change in its current practice might open the door to other forms of indexation (and potentially more inflation) in West Germany.

"But we are not dogmatic on this point either, and reserve the right to review our authorisation policy in the light of future developments," he added.

Soviet-US summit not ruled out

By Leslie Colitt in East Berlin

EAST GERMANY'S leader, Mr Erich Honecker, indicated yesterday that the US attack on Libya this week need not rule out a second summit conference between Mr Mikhail Gorbachev and President Ronald Reagan later this year.

Mr Honecker's remarks to the opening session of East Germany's Comunist Party congress enjoyed full Soviet backing in the person of Mr Gorbachev, who sat directly behind him on the rostrum. The East German leader suggested strongly that, if the US Administration showed "prudence," after what he called its "barbaric bombardment" of Libyan cities, then a summit was still feasible.

A meeting of the two leaders to discuss a nuclear test moratorium would be a "step forward on the right path," he said.

His conciliatory views followed his reiteration of strong Warsaw Pact criticism of the bombing raid, noting that it could cause an "uncontrollable escalation of international tensions." This, he said, would have an "unavoidably" negative influence on the East-West dialogue.

Beginning his speech to the congress on an offbeat note, Mr Honecker said the Socialist system in East Germany was "not yet perfect" but had made much progress. West Germany also had a prominent role in the speech, reflecting the influence it has on the lives of ordinary East Germans.

Mr Honecker asserted that East Germany, unlike the Bonn Goverment, had not cut social benefits and that its representatives were untainted by bribery scandals.

He stressed the importance of the joint declaration he issued with Chancellor Helmut Kohl in March, last year, saying that both German states had a special responsibility for peace.

Unlike the highly critical Mr Gorbachev at the recent Soviet party congress, President Honecker described a dynamic and prospering East German economy, which needed only a little more fine tuning to survive the five-year plan to 1990 in the best of health.

Deadlock once more in Opec

By Richard Johns in Geneva

THE ORGANISATION of Petroleum Exporting Countries was in virtual deadlock yesterday with members further away than even on agreeing overall collective output and individual quotas.

The alliance of Iran, Algeria and Libya was adamant that Opec should slash its production rate (currently running at 17.5m barrels a day or more) *to 14m b/d or less to raise* revenues.

Saudi Arabia, Kuwait and the United Arab Emirates backed by Venezuela were equally insistent that Opec should try not to set a ceiling so low that there was no chance of it being observed. In practice, this has happened with the 16m b/d limit still notionally in force.

One veteran delegate *described Opec divisions* as wider than ever. "This is a waste of time and just a question of going through the motions," he said.

Mr Belkacem Nabih, Algeria's Energy Minister, claimed some members were still bent on a "price war"—a clear reference to Saudi Arabia, Kuwait and the UAE.

The three Gulf states *certainly want to continue* to put pressure on high-cost producers in the hope of inducing non-Opec collaboration in curbing total supplies and acknowledging the entitlement of Opec's 13 members to a larger world market share.

At the same time they have indicated a willingness to settle for a volume less than that which the majority of Opec would *consider its due*—17-18m b/d, a range in which there might be a possibility of an accord on a quota share-out.

Opec experts were asked yesterday to revise estimates of demand for member state's crude drawn up only last month before the conference adjourned. They settled then on about 16.5 b/d for the whole of this year provided stocks remained unchanged.

The experts estimated that the requirment in terms of Opec crude inventories in the non-Communist world would be only 14.95m b/d in the second quarter but rise to 15.39m b/d in the third quarter and to nearly 17m b/d in the fourth quarter.

Those levels are broadly in line with the most recent projections of the International Energy Agency.

Shipping strike called off

By Our Bonn Correspondent

THE SIX-DAY West German merchant shipping strike was called off last night following a compromise agreement after 22 hours of talks between fleet owners and the OTV, the public sector union which represents about *half of the country's* 20,000 seamen.

Originally, the union was seeking 30 days extra holiday for its members per year, while the eet owners offered only three days. The compromise which rus for three years, provides for between 15 and 18 extra days off. The strike, the first of its kind for 80 years, had by mid-week idled a reported 31 *vessels in* German and other European ports.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd. 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Employers and unions urge priority for jobs

BY PHILIP STEPHENS IN PARIS

EMPLOYERS AND trade unions in Western industrial nations yesterday made a joint plea to their governments to give priority to reducing unemployment in framing economic policy.

The message, delivered to a ministerial meeting of the 24-nation Organisation for Economic Co-operation and Development, said that governments should adopt policies to promote faster growth, increase employment rapidly and revitalise manufacturing industry.

It was delivered by the Business Advisory and the Trade Union Advisory Committees to the OECD, both of which act as umbrella groups for employers and unions in different Western countries.

Their joint statement says that current levels of unemployment in OECD countries are "intolerable," and it calls for action to stimulate both private and public investment. "A strengthening of the manufacturing base is in many countries essential for the solution of the economic crisis," it says.

Despite expectations of some pick-up in the growth rate of industrial countries next year, the OECD is forecasting that unemployment among its 24 members will remain close to 30m.

The employers and unions argue that the increased flexibility of labour markets being sought by many governments cannot, by itself, promote faster economic growth. They say that there is an urgent need to expand the education, training and retraining of the work force.

At the same time, the statement acknowledges that collective bargaining between employers and unions should operate flexibly, in order both to enhance the security of workers and to smooth structural changes in industrial economies.

OECD PROJECTIONS FOR THE WORLD ECONOMY
% changes from previous period

	1986	1987
Inflation (private consumption deflator)		
United States	3¼	2¼
Japan	½	½
West Germany	0	½
OECD Europe	5	4
Total OECD	3½	2¾
Real GNP		
United States	3½	3¼
Japan	3½	3
West Germany	3½	3
OECD Europe	2¾	2¾
Total OECD	3½	3¼
Employment growth		
United States	2	2¼
Japan	½	¾
West Germany	1	1¼
OECD Europe	½	½
Total OECD	1¼	1¼
Current balances ($bn)		
United States	−130	−120
Japan	77	70
West Germany	27	19
OECD Europe	54	32
Total OECD	−14	−37

Forecasts based on oil price of $20 for first half 1986 and $15 thereafter. Unchanged exchange rates assumed.

Fianna Fail bounces back in Irish public opinion

BY HUGH CARNEGY IN DUBLIN

AFTER A winter of defections and internal squabbling about the Anglo-Irish agreement, Fianna Fail, Ireland's biggest political party, celebrates its 60th anniversary this weekend in a mood of renewed confidence.

The big question at its annual conference in Dublin, billed by Mr Charles Haughey, the tenacious but controversial leader, as possibly the last before a general election (due by November 1987), is whether it can recover enough ground to win back an outright parliamentary majority.

Recent opinion polls show the Soldiers of Destiny, as Fianna Fail means, within a few points of the 48 per cent support needed to win a majority, an outcome which would fly in the face of most predictions in Dublin as recently as February.

Before Christmas, Fianna Fail was on the defensive over its opposition to the Anglo-Irish agreement. In line with the party's strong nationalist tradition, Mr Haughey said the accord denied the Republic's constitutional claim to the whole island. But the deal won strong public approval in the Republic for Dr Garret FitzGerald, the Prime Minister, and his Fine Gael-Labour coalition.

Mr Haughey, leader of Fianna Fail since late 1979 but frequently the target of attempts to topple him, faced internal disquiet about the wisdom of his stance and saw his personal opinion poll standing and that of his party slump.

After Christmas, two former leading anti-Haughey Fianna Fail MPs, Mr Desmond O'Malley and Miss Mary Harney, were prompted by the Anglo-Irish issue to set up a new party, the Progressive Democrats. Two other Fianna Fail MPs—and later one from Fine Gael—followed them and the new party rocketed up the opinion polls to a point where it clearly threatened to deny Fianna Fail a majority.

Since February, however, the advance of the Progressive Democrats has slowed. It could still hold the balance of power after an election but what extra progress it has made recently appears to be at the expense of Fine Gael rather than Fianna Fail.

The coalition has also suffered from public frustration that, after more than three years of economic hardship, unemployment in Ireland remains proportionately the highest in the European Community and tax rates remain punitive.

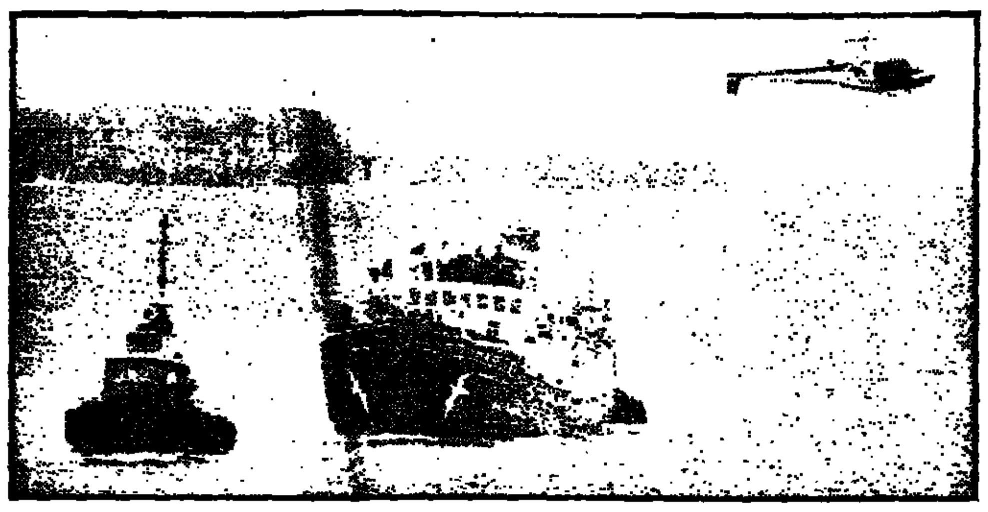
Fianna Fail, founded after a split in Sinn Fein in 1926 and in office for all but 10 years since it first came to power under Mr Eamon De Valera in 1932, is thus pressing once again to form a single-party government.

Conference motions call for endorsement of Mr Haughey's policy on the Anglo-Irish agreement, reduction of the tax burden and more state investment in infrastructure and industry.

More important, the party will rally noisily behind its leader, determined to put the miseries of winter behind it and reassert its belief in itself as Ireland's natural party of government.

France turns the screw on NZ over jailed agents

David Housego on the Rainbow Warrior affair



Greenpeace got the Rainbow Warrior back, now France wants its agents returned

OF THE DOZEN or so issues on Mr Jacques Chirac's priority list when he took over as Prime Minister, there is one of which he has so far made no mention in public.

Even more than his Socialist predecessors, Mr Chirac is personally intent on securing the release from prison in New Zealand of the two French agents convicted for their part in blowing up the Greenpeace boat Rainbow Warrior.

For the Gaullist right in France, it is humiliating to national pride that two officers convicted for carrying out orders should be behind bars.

Beyond that, the French foreign intelligence service (the DGSE) has long been a Gaullist stronghold and with the neo-Gaullist RPR now in power, Commander Alain Mafart and Captain Dominique Prieur have friends in high places who will move hell and high water to get them out.

The only visible sign so far of Mr Chirac's impatience over the issue was the summoning of the New Zealand ambassador to the foreign ministry four days after the government took office and statements by Mr Francois Guillaume, the Agriculture Minister, indicating that France could well block imports of New Zealand butter into Britain when negotiations open shortly between New Zealand and the EEC.

However, New Zealand diplomats in Paris do not conceal that they expect the going to become tougher, and that the French Government could (illegally) "stop most New Zealand imports into France."

At the moment negotiations between the two countries are deadlocked by mutual incomprehension of each other's point of view. The French fail to understand the judicial arguments put forward by New Zealand that two people convicted for terrorist acts must serve at least the minimum of their sentence and that no New Zealand Government can afford to flout the court's decision.

To French officials, the proposal of Mr David Lange, the New Zealand Prime Minister, that Mr Mafart and Mrs Prieur could be transferred to prisons in France or New Zealand if the French promised not to release them is a non-starter.

"Imagine what would happen if they were imprisoned in France," said one senior official. "There would be demonstrations outside the prison."

The French also fail to understand the outrage in New Zealand at the Rainbow Warrior incident. New Zealand is a country that has been left relatively unscathed by international terrorism. There have only been three or four terrorist acts in its history. That the French Government should be responsible for one of the few shocked public opinion in the country.

On the other hand, New Zealand fails to understand French indignation that a so-called "friendly" government should have imprisoned two of its officials involved in protecting the country's security.

Behind French irritation is the overriding issue (for more) that national security was at stake in the affairs because the Rainbow Warrior was attempting to thwart French nuclear testing in the South Pacific.

By the same token, New Zealand fails to see that the release of the agents should, in French eyes, be a matter for negotiation between the two governments. "In France everything and everybody has a price," say New Zealand diplomats, as though France were a banana republic.

In this deadlocked situation, Britain is being drawn in to play the role of broker because it has no wish to see a French veto—possible under EEC rules—on New Zealand butter imports into Britain.

Among informal British proposals has been the suggestion that France offer to meet New Zealand demands for compensation as a way of creating a more favourable climate in New Zealand for an early release of the agents.

New Zealand stands to lose a great deal from a quarrel with France. Its exports to France have grown sharply from NZ$106m (£40m) in 1981-82 to NZ$214m (£81m) in 1984-85 before France started to block the entry of New Zealand goods.

Quietly since January—and without ever formally admitting it—the French have used import licences, sanitary regulations and incorrect labelling to block New Zealand imports of lambs' brains, frozen fish, kiwi fruit, wool and bulls' semen. They have also stopped entry of New Zealand seedling potatoes into New Caledonia.

They have declined to respond to New Zealand protests within the OECD and Gatt by anything more than a formal acknowledgment of them. And, if anything, the new Minister of External Trade, Mr Michel Noir, is expected to tighten the screw.

Most serious for New Zealand is the implicit French threat to veto imports of New Zealand butter into Britain. Under the arrangements negotiated with the EEC at the time of British entry, New Zealand has been given an annual quota for butter sales to Britain. This amounted to 79,000 tonnes this year under a four-year agreement. But, because of Irish objections, no quantities were agreed during the negotiations for 1987 and 1988.

These have to be agreed before August with, as a starting point, a European Commission proposal for 77,000 tonnes next year and 75,000 in 1988. But Mr Guillaume has already described continuing imports of New Zealand butter as "intolerable" at a time when the Community has itself a large surplus.

As yet, it is difficult to see how the deadlock will be resolved. France does not take seriously Mr Lange's offer to visit Paris—unless an agreement is worked out in advance. Mr Lange would have domestic difficulties in making concessions before the general election due in mid 1987. Mr Chirac, however, wants the agents out of prison well before then.

هكذا من الأصل

Orange Free State Investments Limited

(Incorporated in the Republic of South Africa)
Registration No. 85/05715/06

INTERIM REPORT—1986

The following are the unaudited income statement of the company for the period from the incorporation of the company on December 13 1985 to March 31 1986 and abridged balance sheet at March 31 1986:

Income Statement	Period 13.12.85 to 31.3.86 R000
Income from listed subsidiary company	94 019
Other expenditure—net	20
Profit before taxation	93 999
Taxation	—
Profit after taxation	93 999
Dividend—interim	93 884
Retained profit	115
Earnings per share—cents	417.5
Dividend per share—cents	417.0

Balance Sheet	31.3.86 R000
Capital	225
Share premium	1 346 106
Distributable reserve	115
	1 346 446
Represented by:	
Listed investment	1 346 331
Current assets	94 019
Current liabilities	93 904
Net current assets	115
	1 346 446
Number of shares in issue	22 514 094
Net asset value per share (after providing for dividend), adjusted for market value of listed investment—cents	9 592

SUBSIDIARY COMPANY

At March 31 1986 the company held 58 761 785 shares (equivalent to a 50.58 per cent interest) in Free State Consolidated Gold Mines Limited (Freegold) which were valued as follows:

	R000
Market value	2 159 496
Book value	1 346 331
Appreciation	813 165

The consolidated profit, after taxation, of the company and its share in Freegold for the period ended March 31 1986 was R210 307 000.

Freegold's report for the quarter and six months ended March 31 1986 giving details of its operations is being published today and copies are available from the offices of the transfer secretaries.

For and on behalf of the board
E. P. Gush
L. Hewitt } Directors

DECLARATION OF INTERIM DIVIDEND No. 1

On April 17 1986 dividend No. 1 of 417 cents per share, being the interim dividend in respect of the year ending September 30 1986 was declared in South African currency, payable on June 13 1986 to members registered in the books of the company at the close of business on May 9 1986, and to persons presenting coupon No. 1 marked "South Africa," detached from share warrants to bearer.

The transfer registers and registers of members will be closed from May 10 to 23 1986, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 12 1986. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 12 1986, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before May 9 1986.

Holders of share warrants to bearer are notified that the dividend is payable on or after June 13 1986, upon presentation of coupon No. 1 (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa" may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. Bull
Senior Divisional Secretary

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587 Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Transfer Secretaries:
Consolidated Share Registrars Limited
First Floor, Edura, 40 Commissioner Street,
Johannesburg 2001
(P.O. Box 61051 Marshalltown 2107)

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Johannesburg
April 18 1986

AMERICAN NEWS

Reagan close to decision on Salt treaty

By Reginald Dale, US Editor, in Washington

PRESIDENT Ronald Reagan is believed to be close to a decision on whether the US should continue to comply with the 1979 Strategic Arms Limitation Treaty (Salt 2) or start breaking out of the treaty's limits in response to alleged Soviet arms control violations.

A decision to end full US treaty compliance could have a serious impact on US-Soviet relations, already shaken by this week's US air strike against Libya an dMr Reagan's rejection of a series of Soviet arms control initiatives. The issue has been the subject of fierce debate between hardline conservatives and more moderate advocates of arms control in Washington for many months.

Mr Reagan must make up his mind soon because the US will be in breach of the treaty when a new 24-missile Trident submarine, the Nevada, starts sea trials next month—unless Washington dismantles other missiles to keep below the limit. If no American missiles are dismantled, the Nevada would put the US 22 missiles over the 1,200 on multiple warhead missiles.

At a White House meeting to discuss the decision on Wednesday, Mr George Shultz, the Secretary of State, and Mr Paul Nitze, Mr Reagan's senior arms control adviser, were reported to favour continued adherance to the treaty. Those opposed were said to include Mr Caspar Weinberger, the Defence Secretary, Mr Kenneth Adelman, director of the Arms Control and Disarmament Agency, Mr William Casey, head of the Central Intelligence Agency, and Mr Edward Rowny, another arms control adviser.

Some reports yesterday suggested Mr Reagan was leaning towards breaking out of the treaty. US officials, however, said that a definite decision had not yet been made, and no final verdict would be announced before next week, after Mr Nitze has consulted the US's European allies and Mr Rowny the Asian allies.

Salt 2 has never been officially ratified by the US senate, but both sides have said informally that they will abide by its limits if the other does so too.

Mr Reagan surprised and disappointed conservatives last June when he decided to stay within the limits by scrapping an older Poseidon submarine when another Trident, the Alaska, began its sea trials. To pacify the conservatives, however, he also announced that he would in future follow a policy of "proportionate responses" if it was demonstrated that Moscow was continuing to violate arms control provisions.

Since then, Washington has continued to accuse the Soviet Union of a wide array of actual and potential treaty violations, including the testing of a new land-based missile, the SS-25, in direct violation of Salt 2, and illegally encoding missile test data.

The US Navy has said that it is prepared to take two 16-missile Poseidons out of service, and dismantle their weapons, so as to remain within the treaty limits. The hardliners, however, want to send a clear *signal to Moscow that the US* will no longer tolerate Soviet violations.

One plan that they have suggested would delay treaty compliance by putting the two submarines temporarily in dry dock, without scrapping their missiles, to see if that encouraged stricter Soviet adherence to the treaty.

Economic data calms worst fears

BY STEWART FLEMING IN WASHINGTON

COMMON SENSE as well as economic theory, says Federal Reserve Board chairman Paul Volcker, suggests that plunging oil prices, falling interest rates, rising stock prices and subdued inflation in combination could help to provide a solid base for sustained economic growth.

Economists and government policy makers looking at the economic data coming in over the past two months and at preliminary signs for the second quarter fear that the economy is weaker than first quarter numbers, released yesterday, suggest.

Yesterday's announcement that first quarter gross national product rose by 3.2 per cent will, however, have taken the edge off fears that the US economy was poised on the brink of a serious slowdown, requiring the Fed to act vigorously and cut its discount rate a full percentage point.

Some economists had been predicting that after a meagre 0.7 per cent rise in output in the fourth quarter of 1985 and a sluggish 2.3 per cent rise for the year, first quarter output would expand by as little as 1 per cent—a pace of expansion which would have put pressure on the Fed to act aggressively.

Those predictions contrasted sharply with the optimism earlier in the year. In the wake of apparently strong December and January economic data, a fall in oil prices in the spot market to around $19 a barrel and strength in the stock and bond markets, optimists were then predicting that first *quarter real growth would jump* by 6 or 7 per cent, laying the foundation for a boom year.

Since then, however, it has become clearer that the sharp fall in spot oil prices to $10-$12 *will have a number of negative* repercussions in the short term, while benefits to the economy from the transfer of income to American consumers of falling oil prices will take some time to work through.

Mr Paul Volcker — more optimistic than many

America's large energy producing sector has quickly pulled in its horns, begun laying off workers and trimming back its capital spending. The impact of these responses has become a noticeable drag on economic activity. *They have been compressed into a relatively short* period of time and also into a relatively (by American standards) small geographic region, the oil producing states of Texas, Oklahoma, Louisiana and California.

In some of these states the *oil price slump has added a* new layer of weakness to regional economies which were already labouring under body blows to their agriculture and commercial real estate sectors.

It is not just the *drag on the* economy from oil which has damped down optimistic assessments of the short term economic outlook, however. After apparently *getting off* to a bounding start in January fresh signs of weakness have been surfacing which suggest that the statistics at the turn of the year presented a *misleading picture.*

Industrial production has been sluggish and the falling dollar has yet to lead to the rebound in domestic production and the sharp *rise in exports* which government officials were hoping for. There has been a slowdown in consumer spending, notably on durable goods, in the face of a mounting burden of debt, a pull back which has hit the car industry and is forcing production cuts in the car sector which are expected to *hit* second quarter growth.

Businessmen, sceptical about predictions of a vigorous recovery, have continued conservative inventory policies and have not yet decided that the time has come to revise upwards their capital spending plans.

Long term interest rates—measured by treasury bonds—have fallen from 14 per cent in mid 1984 to just over 7 per cent (*a spectacular rally*) and corporate profits look like rising 10-15 per cent this year, but the latest Commerce Department capital spending survey suggests that businesses will boost their outlays for plant and equipment by a thin 0.9 per cent in real terms this year.

In addition federal government spending is unlikely to give the economy a boost in 1986.

The first quarter GNP figures turned out to be stronger than expected, partly because of the buoyant housing market and the fact that consumer expenditure on services was much stronger than many anticipated.

In addition there was a major improvement in the trade picture as exports rose and imports fell, partly caused by declining oil prices. Inventory *building too made a significant* positive contribution.

But these gains may be somewhat illusory one-off advances rather than clear signs that the tide of foreign imports has been turned back by the weakening of the dollar, or that industry has begun confidently to rebuild its stocks. In the car industry, for example, stock building has been involuntary, reflecting weak sales rather than growth in demand.

These cross currents in the US economy suggest that earlier hopes of a boom year can now be discounted. Dr William Griggs, an economist with Griggs and Santon in New York, for example, doubts whether a sustained expansion of more than 2 or 3 per cent in real *terms in 1986 can be anticipated* unless the trade balance improves dramatically — which not even the Reagan Administration expects — or capital spending suddenly takes off.

Earlier in the year there were fears that continued expansion was precarious but now at least, as *Mr Volcker* says, positive, fundamental developments affecting inflation, interest rates and oil prices suggest that current signs of weakness will be transitory and that if necessary the central bank can help overcome them by easing monetary policy.

Weinberger claims SDI advance

THE US Star Wars anti-missile programme has achieved two major technical developments, according to Mr Caspar Weinberger, US Defence Secretary, **Reuter reports from Washington.**

He described them as a super lightweight material for use in space-based missiles and a new computer programme that could facilitate destruction of enemy nuclear warheads shortly after launch.

Mr Weinberger attacked critics of President Reagan's Strategic Defence Initiative (SDI), commonly called *Star Wars*, saying SDI should not be abandoned simply because it will not solve problems such as nuclear suitcase bombs.

"This argument is similar to saying that we should not produce or use aspirin because it cannot cure cancer," he said in a speech prepared for delivery to the Fletcher School of Law and Diplomacy of Tufts University on Wednesday night.

Mr Weinberger said the Air Force recently tested technology that could be used in space-based, non-nuclear rockets to hurl projectiles to collide with attacking nuclear missiles and warheads.

An SDI official said in Washington that the Air Force last month successfully tested a "light and very strong" composite material which might eventually be used in dozens of small rockets to be fired from space platforms at attacking nuclear warheads.

The official, who asked not to be identified, would not be more specific except to say that light weight and strength were the keys to such a material.

Referring to the computer programme that could make it possible to hit an enemy missile in the early takeoff stage, Mr Weinberger said: "a recently developed technique now makes it possible to locate accurately a target which previously might have been obscured by exhaust radiation."

The SDI official said LTV *Corporation had modified a computer* system which could allow sensors on an SDI rocket interceptor to differentiate between a nuclear missile in the liftoff stage and the *long trial of engine* fire and heat which it leaves behind.

"This is critical to the interceptor, since the seeker on the interceptor only sees the plume and not the rocket itself

Venezuela may seek debt rescheduling

A SHARP fall in oil revenues will force Venezuela to seek a renegotiation of its foreign debt refinancing agreement "within a few weeks," **AP in Caracas reports.**

The daily newspaper El Nacional, citing government officials, said Venezuela will *invoke a "contingency clause"*

The drop in world oil prices has brought estimates of Venezuela's petroleum revenues *down by as much as 40 per cent.* According to the newspaper, the Government will seek a deferment of the $750m initial payment due this year and of capital payments of $1.1bn due in 1987.

Security fears turn Washington into fortress

AMERICA'S once-open capital city has transformed itself into a cluster of guarded strongholds, a process begun long before the current armed conflict with Libya and calls for "Holy War" against the United States, **Reuter writes from Washington**

Waist-high concrete barriers designed to thwart vehicle-bombers ring the White House grounds *where once only a picturesque* wrought-iron fence obscured the public view.

Massive cement geranium pots serve the same purpose at the 155-acre congressional complex, where sand-filled dump trucks and "ram cars" – always manned, with engines running – are also part of defences against any suicide vehicle attack.

Similar barricades fence the State Department, Pentagon and other key official buildings.

Everyone who enters a federal office building must pass through an airport-style metal detector. Once inside many of them, individuals are under almost constant surveillance by hidden television cameras.

Precautions that can be seen here also include machine-gun carrying bodyguards for high officials and sentry dogs trained to sniff out explosives.

In addition, security sources say, the White House has ground-to-air missiles that could be deployed against any would-be kamikaze aircraft.

Critics claim the Government is overreacting and building up people like Libya's Muammer Gadaffi, who has often threatened to unleash guerrilla warfare in the streets of America and who urged Arabs to wage a "Jihad," or Holy War, of strikes against Americans after the April 14 US air attacks on Libya.

While the massacre of more than 200 marines in an October 1985 truck bombing of their Beirut barracks prompted many of the measures, other incidents contributed to Washington's growing security-consciousness. They included:

- Bombings by unknown people that did extensive damage to the Senate wing of the Capitol building in 1971 and again in 1983.
- A 1974 helicopter landing at the White House by an Army private who had failed his course at flight school.
- Attempts to assassinate Presidents Ford and Reagan as well as reports in late 1981 that Libyan "hit squads" were on the prowl in the US.

Other events in the chain included *a threat by a deranged anti-*nuclear weapons crusader – who was shot dead by police – to blow up the Washington Monument in 1982. There was also a 1985 murder of a State Department employee at work on the same floor as the Secretary of State's office.

But most of the new efforts to tighten security have occurred in the past two or three years, and the scramble to do so is costing millions of dollars at a time when severe budget restrictions are affecting other programmes. It has also caused bickering among branches of government.

Congressional officials have been angered by a State Department effort to recruit some of the best-trained members of the 1,000-member Capital Police Force for the department's own guard unit.

Moreover, there have been several embarrassing lapses in the drive to make official Washington more secure. One recent example was an unemployed Colorado man's unchallenged entry into the White House on the presidential inauguration day in 1985.

He simply walked past guards who mistakently assumed he was with a party of military musicians then entering. The man did no harm but had wandered into the presidential family living area by the time he was apprehended.

Officials responsible for security say such mistakes are bound to happen.

Some security proposals have met strong opposition. A Secret Service plan to ban traffic from Pennsylvania Avenue in front of the White House provoked outrage among Washingtonians and members of Congress when it surfaced last year.

Mexico oil price cut fails to recoup market share

BY DAVID GARDNER IN MEXICO CITY

MEXICAN OIL prices fell a further $3.20 in March to a weighted average of $11.26 a barrel, but Mexico has still not been able to recover market share, lost when the oil market began to collapse in January.

Average foreign sales last month, according to Pemex, the state oil monopoly, were 1.06m barrels a day, against Mexico's traditional export "platform" of 1.5m b/d.

The price of Mexico's main export has thus fallen by $12.50 a barrel so far this year, which with the volume loss means it earned fractionally *over $1.5bn* in the first quarter, against $3.5bn in the same quarter last year.

Pemex noted, however, that, in the first half of April, exports had recovered slightly to an average 1.2m b/d.

When the Government originally did its sums for this year's budget, it foresaw an average oil price of $22 a barrel and exports of 1.5bn b/d, giving total revenues from crude of $12.1bn. On the first quarter trend, the *shortfall in revenue* will exceed $6bn.

This is the figure Mexico has given its international creditors as its new financing need for *this year. In negotiations* which have yet to get properly underway. Mexico owes $97bn abroad and faces a total foreign debt service bill this year of around $10bn.

*The peso, which held up re*markably well as oil prices tumbled in the first quarter, has begun to come under pressure. The state banking system *was selling "free" rate dollars* (used for non-essential trade travel and luxury items) at 506 pesos on Wednesday against 497 pesos one week earlier.

One of the main reasons the peso has held relatively firm is that the fierce credit squeeze the Government has maintained into this year is forcing the private sector to reimport dollars it holds in bank accounts abroad, bringing in some $700m in the first quarter, according to one private estimate.

Mexicans are believed to have around $40bn on deposit abroad, though a recent study by Morgan Guarantee Trust of the US estimates total Mexican capital flight over the last ten years at $53bn.

Some private analysts here, however, are taking perverse comfort from this week's events in Libya, arguing that this may firm up oil prices and have a second beneficial side-effect by making Mexico more attractive to US tourists, an industry which provides the country with its second largest source of foreign exchange after oil.

هكذا من الأجمل

THE LIBYA CRISIS

Armed Lebanese security men guard the British Ambassador's residence in West Beirut after yesterday's grenade attack.

The harsh logic of Arab terrorism

Roger Matthews looks at the tactics and objectives of the Middle East's extremists

IN the highly charged political atmosphere created by terrorist violence, and this week by the response to it by the US, it is all too easy to lose sight of the longer-term objectives of extremist factions in the Middle East.

It is often assumed, wrongly, that many of these groups are composed principally of brutish thugs whose only expertise is in weapons and explosives. What is as often found, particularly among radical Palestinian groups, is a core of intelligent, articulate men and women who know precisely what they are attempting to achieve.

As their principal preoccupation is the recovery of Palestine, a vital step on that road must be the weakening and eventual destruction of the state of Israel. They have a Marxist view of history and accept that the fruits of their efforts may not be seen for 50 or 100 years. But they implicitly believe in the logic of their political analysts.

According to that analysis, Israel is an artificial creation which is not viable, politically or economically, without the financial and diplomatic crutch provided by the US. That crutch has to be kicked away.

At the same time the Arab peoples have to be freed from the yoke of reactionary, capitulationist regimes so that they can unite in common purpose.

They laughingly dismiss the personal pretensions of Colonel Muammar Gadaffi, the Libyan leader, but acknowledge the value of the role he is playing. Their appreciation will be all the greater after the events of this week.

This is because of their fundamental aim of drawing the US militarily into the region. On one level, they say what Vietnam did to the American people and would like to repeat the process. On another, but equally important level, they see US involvement as a lever to prise from power those Arab governments which co-operate most closely with Washington.

President Husni Mubarak of Egypt, King Hussein of Jordan and King Fahd of Saudi Arabia know how difficult it is to profess friendship for Washington when President Reagan orders air strikes against Libya which kill Moslems and Arabs. Anti-American demonstrations had to be repressed this week in both Egypt and Jordan.

With President Reagan having promised more of the same medicine if further provoked, the aim of these factions must now be to increase the pressure on him to live up to his pledge.

Thus while most governments fear retaliation against the US and Birtain by terrorists sponsored by Libya, they should not loose sight of the fact that further violence will equally well serve the aims of most other extremist groups in the Middle East.

This includes the religious extremists inspired both by the Iranian revolution and the bloody nose they helped to inflict on the Reagan Administration when it became caught up in Lebanon in 1982 and 1983.

It was admitted in late 1983 that there was little chance of tempting the US back onto the ground militarily in the Middle East where they proved acutely vulnerable to suicide car bombers.

But, as has been shown, air strikes and naval bombardments rarely hit their targets with pinpoint accuracy and there will always be a strong probability of a number of politically exploitable civilian casualties.

There is also a relatively small chance of the terrorist cells themselves suffering much damage as the personnel involved are relatively few.

However, among those personnel, particularly in the non-secular groups, are a number of highly motivated people whose comitment is such they do not expect to return from their missions. These are the ones that Western, and indeed Arab intelligence organisations find it most difficult to stop.

New recruits are said to have been more difficult to find in the last year or two forcing those faction who employ them to save the zealots for particularly auspicious moments and carefully selected targets.

The US attack on Libya might, in extremist thinking, have helped create the conditions from which they can now draw significant advantage. What they will all want, more than anything, is to see the US Air Force in action again over Libya as soon as possible.

Moscow stresses naval rights

THE Soviet Foreign Ministry has summoned the heads of all foreign missions in Moscow and asserted Soviet rights to passage in international waters and airspace around Libya, diplomats told AP-DJ in Moscow yesterday.

There was no indication whether this was a prelude to major Soviet manoeuvres or an increased Soviet naval presence in the Mediterranean, the diplomats said.

Ambassadors or ranking senior diplomats were called to the Foreign Ministry in groups late Wednesday and given oral statements about Moscow's reaction to the US bombing of Tripoli and Benghazi on Monday night, the diplomats said.

Three diplomats from different countries who were familiar with the Foreign Ministry meetings said the Soviet Union asserted its right to passage in international waters and airspace around Libya.

Speaking on condition of anonymity, each of the three said the warnings appeared to be a conventional measure aimed at reminding the world that the Soviet Union has carried out naval and air exercises in the Mediterranean before and would continue to expect to be able to do so.

Patrick Cockburn writes: The Soviet Union yesterday said that it had been told by a US representative in Berlin that a Libyan-backed attack against a US target was being planned.

However, Mr Vladimir Lomeiko, the official Soviet spokesman, strongly denied that the Soviet Union, before or since the attack on the discotheque in West Berlin which precipitated the US attack on Libya, has received "any factual evidence" to support the US allegation.

He repeated that the Soviet Union condemned terrorism anywhere in the world but said that Moscow had no prior information about the West Berlin attack. "But, if we had, we would have shared it with the Americans," he said.

Tass, the Soviet news agency, said that all Western ambassadors in Moscow had been summoned to the Foreign Ministry to hear the official Soviet condemnation of the US action and the text of the letter from Mr Mikhail Gorbachev, the Soviet leader, to Col Gadaffi, the Libyan leader, pledging solidarity and military support.

The Soviet problem is still to balance its desire to defuse the Libyan crisis and pursue arms control negotiations with the US against a need to show that it can and will act to defend allies. Another US attack would probably compell the Kremlin to move sharply towards the latter option.

Uncertain fate faces foreigners held by Lebanese guerrillas

THE MURDER of three British hostages in Lebanon yesterday underlines the severe dangers being faced by more than a dozen other Westerners who have been kidnapped by Lebanese gunmen over the past two years.

The death of the Briton's leaves a number of American, French and other Westerners in the hands of various Lebanese revolutionary and guerrilla groups. Some of the hostages have been held for as long as two years.

About 0 foreigners have been kidnapped or have disappeared in Lebanon since January 1984. Most of them were abducted by

David Lennon on the plight of hostages

gunmen in Moslem west Beirut. Only 27 have been freed and at least five have been reported killed, though their bodies have not been found.

Most of the kidnappings have been claimed by two main organisations: Islamic Jihad (Holy War), a fanatical Moslem fundamentalist group backed by Iran, and the Libyan-backed Palestinian guerrilla chief Abu Nidal's Fatah Revolutionary Council and its offshoots like the Arab Revolutionary Cells which claimed responsibility for yesterday's "execution."

Islamic Jihad is believed to hold five or six Americans, and at least the same number of French hostages. Another four French citizens were abducted by a splinter Shi'ite Moslem faction.

Islamic Jihad announced last year that it had killed Mr William Buckley, a US diplomat, but his body was never found. In March it killed a French academic researcher, Mr Michel Seurat.

The murder of the three Britons yesterday was claimed by two organisations believed closely linked with Abu Nidal, who had threatened to retaliate for the US attack on Libya.

The length of time a hostage is held is no indication of his or her chances of survival. Two of yesterday's victims had disappeared last month, while the third had been held captive since March of last year.

The reasons for the kidnappings and murders vary. In the case of the three Britons, it was to demand the release of three Palestinians held in British jails.

Some of the French hostages are being held in an attempt to pressure the Government in Paris to change its policy towards the Middle East.

In the case of the Americans, the kidnapings have generally been in reprisal for America's pro-Israeli policy, and some of the abductions were linked directly to specific Israeli or US actions.

US officials to leave Khartoum

THE US embassy in Khartoum yesterday announced the evacuation of more than 200 American officials and their families in the face of increased security worries in the Sudanese capital, writes John Murray Brown in Khartoum. This followed the shooting earlier this week of an embassy official in apparent retaliation for the US air raid.

Yesterday's official US statement, which did not name Libya, spoke of "continued violence from a neighbouring country against American citizens."

The evacuation which was mandatory for dependants of US officials was expected to last for a few days according to US officials. US citizens working elsewhere in Sudan were advised to avoid the capital.

Many of those due to leave are staff from the US Agency for International Development, USaid.

In November the US State Department urged Americans not to travel to the Sudanese capital claiming it had become a base for Libyan and "other known terrorists." This US complaint prompted the authorities in Khartoum to expel a number of "undesirable elements" in December.

In Khartoum there is a growing anti-American feeling. A large demonstration on Wednesday brought the centre of the capital to a standstill and more are planned. Tension has been further heightened by a series of bomb scares throughout the capital.

COMMUNITY TO STEP UP FIGHT AGAINST TERRORISM

EEC closes ranks in wake of raid

European Foreign Ministers are keen to prevent a rift opening in the Nato alliance, writes **Quentin Peel in Paris**

THE MEMBER states of the European Community yesterday appeared to be moving belatedly towards tougher and more specific measures to co-operate in combating international terrorism in the wake of the US air strike against Libya.

Foreign Ministers of the 12 will next week be presented with further proposals to tighten security, step up their co-operation, and take sanctions against countries implicated in supporting terrorism, including Libya.

The desire to restrain the US from going it alone militarily and an equal desire to prevent a serious diplomatic rift opening in the Atlantic Alliance are now equal factors in stiffening the European resolve to take further action.

It may still prove very difficult to go as far as Washington would like.

The other factor has been the accumulation of evidence of Libyan implication in specific terrorist acts only. Greece is still questioning its adequacy.

Sir Geoffrey Howe, the British Foreign Secretary, yesterday also presented evidence from his government linking Libya to the Provisional IRA, to the death of WPc Yvonne Fletcher in St James' Square in 1984, and to the Berlin bombing.

But it has taken the latest flare-up in the Mediterranean to galvanise the slow and still fledgling process of European political co-operation to this extent.

Twice in the past week the Foreign Ministers have fulfilled their commitment to attend emergency meetings together at very short notice in an effort to agree on common action, and thereby to prevent any further deterioration in the US-Libyan confrontation.

On the face of it, their action has failed. It has been too little and too late to exercise any significant influence on either side. On the other hand, the past week has brought important progress in developing the cumbersome system of political co-operation between 12 sovereign governments—perhaps more so than in any previous international crisis.

When they met in the Hague on Monday the 12 went far further than they had succeeded in January at their last discussion on the subject to agree on specific common action. In Paris yesterday, they geared themselves up to take new steps as soon as next week, although Greece may prove characteristically reluctant.

The January meeting, which came six weeks after terrorist attacks at Rome and Vienna airports, was supposed to agree a European response. The meeting in the Hague came within one week of the bombing of a West Berlin nightclub.

The problem in January was that the ministers would not agree even to identify Libya as in any way implicated. They simply announced an embargo on arms and military sales to any country implicated in supporting terrorism — leaving it up to the individual governments to decide whether or not Colonel Muammar Gadaffi's Government was affected.

Greece in particular, but also Italy and France, were unwilling directly to accuse Tripoli against whom the US Government wanted a broad economic and trade embargo.

They did all agree not to take any commercial advantage of US sanctions, and they set up a working group to investigate tighter common security precautions.

Most of the member states still remain firmly opposed to outright trade sanctions, including an embargo on purchases of Libyan oil. The EEC countries (excluding Spain and Portugal) by some Ecu 10.3bn (£6.7bn) in crude from Libya, according to 1984 figures, with Italy, West Germany and France the largest purchasers.

Libya enjoyed an overall trade surplus with the then ten member states of Ecu 7.5bn, but still represented an important export market for Italy (with sales of Ecu 1.65bn), and West Germany (Ecu 692m).

West Germany's Foreign Minister, Mr Hans-Dietrich Genscher, is opposed to trade sanctions in principle. He also points out that the Libyan crude supplies still come via US companies.

What could emerge next week, however, would be other less sweeping economic measures, such as a ban on government export credit guarantees, which the UK already imposes.

In the Hague, Mr Genscher resisted the word "economic" being written into any reference to action against Libya and other countries. Yesterday in Paris, however, he told his colleagues that more concrete measures were urgently needed to restrain US public opinion from demanding ever-escalating military action.

Greece has nevertheless sought to pin blame on the US as well as Libya for the rising tension and conflict in the Mediterranean, and argued long and hard on Monday to include such a statement in the EEC position. The outcome was a compromise general call for restraint on all sides.

The European political co-operation process remains slow and difficult with such differing perceptions needing to be reconciled. But the member states remain convinced that by finding a joint position, however much it represents the lowest common denominator, they can have some long term influence on events.

"The past week goes on to show that we need earlier and closer co-operation rather than any less," according to a senior diplomat closely involved.

Bomb alert at Rome offices

THE centre of Rome was at a standstill for two hours yesterday because of fears that a bomb had been planted in the American Express company's offices, writes **Our Foreign Staff**. A suspect bag was found to be harmless.

Emergency services at the city's second airport, Ciampino, were also put on an alert after an anonymous caller had warned of a bomb aboard a charter flight from Vienna. A preliminary search revealed no bomb.

Dutch police, saying they were acting on information, searched all cars entering Amsterdam's Schipol Airport

Campaign halted

Spain has suspended a tourism promotion campaign in the US because of the Libyan crisis, tourism officials said yesterday, **Reuter reports**.

They said Spain had temporarily halted a $2.7m campaign to attract more Americans to its Mediterranean resorts because of a wave of fear in the US over guerrilla attacks in Europe.

Hotels on the southern Costa del Sol reported a run of *cancellations from American* tourists

Libyan visit

Mr Ahmed Shahati, Libya's Assistant Minister for Foreign Affairs, arrived in Athens yesterday aboard a special flight *from Tripoli, bearing a message* for the Greek Government, Greek state television announced, writes **Andriana Ierodiaconou in Athens.**

Neither the content of the Libyan official's message nor the length of his stay and programme in Athens were made known.

The Greek Embassy in Tripoli had orginally notified Athens of Mr Shahati's imminent arrival at 11.30 on Wednesday night, when there was speculation that the Libyan minister might have been coming to lobby the Greek Government before yesterday's special meeting of EEC Foreign Ministers in Paris in the US-Libyan crisis.

'We are ready to fight and die'

Tony Walker in Tripoli watched Gadaffi's television address

Gadaffi: Reagan will not frighten us

IT WAS a bizarre end to a mysterious absence. A defiant Colonel Muammar Gadaffi appeared on late night television after a day of increasing speculation and tension and about his well-being to reassure his people that he was still alive.

He urged them to dance in the streets. "Turn on the lights, dance in the streets, we're not afraid of America . . . we have Allah on our side and Allah is stronger than America," he said during a 20 minute address.

Almost on cue streetlights were switched on in Tripoli. Libyan radio and television stopped playing sombre music and demonstrations by young Gadaffi supporters waving green banners continued outside my hotel into the early hours of the morning.

The demonstration appeared staged partly for the benefit of the big US television networks, all of which are represented here. It was almost as if a period of mourning was declared finished for those who who died in the US raid, including Col Gaddafi's 15-month old adopted daughter.

Earlier in the evening while the whole of Tripoli was blacked out there was further heavy anti aircraft fire along the *waterfront* near the hotel in which I am staying.

Flashes of light from exploding shells lit up the sky and the explosions rattled the windows for the third straight day.

Dressed in a white navy uniform, Col Gadafi spoke quietly, urging Arab states to confront America. "It is honourable for us to fight against the US, Britain and Nato," he said.

"If they force us to fight we are ready. We are ready to fight and die and it is a good thing," he went on.

"Reagan does not have to protect his children. We are not killing children like the US."

Two of Col Gaddafi's six sons, aged three and four, are lying *in hospital badly injured*. His wife is reported to be in a state of shock.

Col Gadaffi went on "God is greater than America and greater than Nato. There is glory in that a small country stands alone in the face of American fleets and Nato.

"*Malta* is exerting sincere efforts to put an end to tension in the Mediterranean. I received many calls from a number of friendly countries urging non-escalation of the military situation in southern Europe. In appreciation of the international situation, we decided to respond accordingly.

"We, in Libya, are seeking to unite the Arab nation and the total liberation of Palestine. We are not murderers and terrorists as Reagan claims.

"It is Reagan who murders children. He sent warplanes to destroy our houses, schools and firms and killed our children and women.

"We will never retreat from seeking Arab unity and the air raids of maniac Reagan will not frighten us.

"It is a great thing that a small country like Libya can stand up to Great Britain and the US," Col Gadaffi said.

"These bombs were aggressions against our people and I am astonished that the US would feel burdened by one man."

He praised France, which refused to allow the bombers from Britain to fly over its territory, and Italy, Greece and Malta which criticised the raids.

Col Gadaffi also reiterated Libya's call for Arab states to sever relations with the US.

He said he had received many messages of support from other Arab leaders and that he expected Sudan to join Libya in a unity pact like the one it had with Morocco.

Rome studies evacuation plans

ITALY IS studying a possible evacuation of the large Italian community from Libya, amid concern about new threats from Tripoli against Nato bases, *Reuter reports from Rome.*

Officials said plans were being assessed for an evacuation of the estimated 8,000 Italians in the former Italian colony.

The Foreign Ministry said that Britain, whose interests are represented in Tripoli by the Italian Embassy, has asked that their citizens should be included if an evacuation became necessary.

Austria, which has its own embassy in Tripoli, had also asked to co-operate on any eventual evacuation, the ministry said.

Libya made an abortive missile attack against a radar station used by the US on the southern island of Lampedusa on Tuesday.

This caused alarm in Italy, which had repeatedly urged restraint on the US. *Concern* increased after Libya sent what Defence Minister Giovanni Spadolini called a "totally unsatisfactory" reply to a strong protest from Rome over the attack.

He said Libya had repeated that it was at war with the US "and they consider Nato bases as American bases. They are, therefore, continuing the policy of threats and provocation which has characterised . . . all their statements."

Nakasone under fire for pledge to Reagan on economy reform

BY JUREK MARTIN IN TOKYO

THE Japanese Prime Minister, Mr Yasuhiro Nakasone, has run into criticism from his own ruling Liberal Democratic Party over the extent of his promise to President Reagan to reform the domestic economy.

A typical LDP reaction was provided yesterday by Mr Susumu Nikaido who is none other than deputy party president. He told a meeting of the Tanaka faction, to which he belongs, that the Prime Minister ought to have consulted the party before making any commitments to the US Administration.

A particular complaint voiced by Mr Nakasone's rivals is that the Maekawa report on economic restructuring away from emphasis on exports, which was given such a fulsome welcome by Washington, was privately commissioned by the Prime Minister himself. As such, they say, it has no standing.

Western diplomats report a similar reaction from their contacts with the Japanese bureaucracy. One said yesterday that he had been told frequently that the Maekawa commission had produced "a perfectly good report, but, of course, it has nothing to do with us." Curiously, the report had been criticised in the local press for being too much the product of the cautious bureaucratic mind.

Since his return from Washington on Tuesday, Mr Nakasone himself has rather toned down what he is understood to have promised President Reagan. He has said that he only discussed, admittedly in an approving manner, the Maekawa report with the President, but had concentrated mostly on bilateral issues, East-West relations and next month's Tokyo summit.

Mr Nakasone has been accused before of making commitments while overseas, especially in the US, that he would think twice about voicing in Japan. The most notable example occurred in February, 1983, shortly after he became Prime Minister, when he pledged in Washington to make Japan "an unsinkable aircraft carrier" against Soviet aggression.

The US purpose is quite clear. It wants Mr Nakasone to translate the generalities of the Maekawa report into firm policies, for which he will need support from both outside and inside Japan. In providing the former, the US also naturally hopes that it will help Mr Nakasone, whom the Administration likes and trusts, fend off challenges to his job later this year.

Bata India inquiry ended after missing duty is paid

BY JOHN ELLIOTT IN NEW DELHI

THE Indian Government has withdrawn its Finance Ministry's corruption inquiry into the affairs of Bata India, the largest foreign offshoot of the Canadian-based shoe manufacturer, following the company's offer of an apology and a refund of missing excise duty on exports of footwear.

This was announced yesterday by Mr Vishwanath Pratap Singh, India's Finance Minister, who has caused considerable controversy among top industrialists by allowing his department's law enforcement officers to raid company premises and arrest executives as part of the government's attack on corruption and the black economy.

Mr Singh said he was prepared to take a "sympathetic and lenient view" if anybody wants to mend or repent." He rejected suggestions that there should be a tax amnesty for defaulters.

He published a letter from Bata India to the chairman of the Finance Ministry's Central Board of Revenue admitting its executives had declared "incorrect drawback" of excise duty amounting to Rs 9m ($530,000) and asking him to "forgive" them. The money has been repaid.

"Bata has strict business ethics and as a professionally managed company I felt it best since a mistake had been discovered, to put it right straight away," Mr M. M. Sabharwal, non-executive chairman of Bata India said last night.

Bata was raided in Calcutta in February and two directors were arrested and released on bail. One of them, Mr Douglas Merchant from the UK, was not allowed to leave India for six weeks.

Manila official pursues Marcos assets

A member of the commission seeking to retrieve billions of dollars allegedly stashed away in Swiss banks by former Philippine President Ferdinand Marcos has left for Switzerland, a spokesman said yesterday, AP reports from Manila.

Commissioner Pedro Yap was planning to initiate lawsuits in Swiss courts to try to retrieve the money.

His departure came the same day the Government had announced it had filed formal criminal charges against Mr Marcos, a step required by the Swiss Government to extend a freeze it had ordered earlier on all assets Mr Marcos, his relatives and their associates may have in Switzerland.

Tamils reject peace bid

Sri Lanka's main Tamil political group yesterday rejected a new bid by Colombo to end the island's ethnic crisis by offering Tamil areas more autonomy, Reuter writes from Colombo.

Singapore deficit up

Singapore's external trade deficit widened sharply in March to S$1.15bn (£355m) from S$164m in February and S$929m in March 1985, Statistics Department figures show, Reuter reports. But the total deficit in the first quarter to end-March narrowed to S$2.06bn from S$2.27bn in the same 1985 quarter, the figures show.

Industrial rate of growth slows in China

CHINA yesterday announced a welcome slowdown in its soaring industrial growth rate and a likely rise in grain output but admitted prices were still rising at a high rate and that efficiency was deteriorating throughout industry, Reuter writes from Peking.

Zhang Zhongji, spokesman of the State Statistical Bureau, told a news conference the economy was in better shape than a year ago, growing at a more normal pace and producing a better variety of products.

"But there is a deterioration of efficiency in all industries, especially in those producing arms," he said.

He said that in some areas the managers of industry had "lost control," resulting in high costs, low efficiency and losses.

Workers in some rural factories were given up to 14 days off during the Chinese New Year holiday in February instead of three as laid down by state regulations, because their bosses were not strict enough, he said.

He did not go into detail as to why efficiency has dropped.

On the brighter side, China has managed to cut the growth rate of its industry from a runaway 18 per cent last year to just over 4 per cent in the first quarter, Zhang said.

HK members complain as law committee starts work

BY DAVID DODWELL IN HONG KONG

MEMBERS of China's Basic Law Drafting Committee—the body that is drawing up Hong Kong's post-1997 constitution—gathered in Peking yesterday with complaints being voiced by Hong Kong members over selective advanced distribution of committee documents.

Hong Kong members attending the first full meeting of the 59-person drafting committee for nine months were angry at Peking's decision to release a draft of a proposed structure of the basic law to Chinese officials in Hong Kong, at the same time withholding the draft from local Hong Kong committee members.

Their complaints were taken by many in Hong Kong as a welcome lack of subservience to Chinese officials who are organising the drafting process.

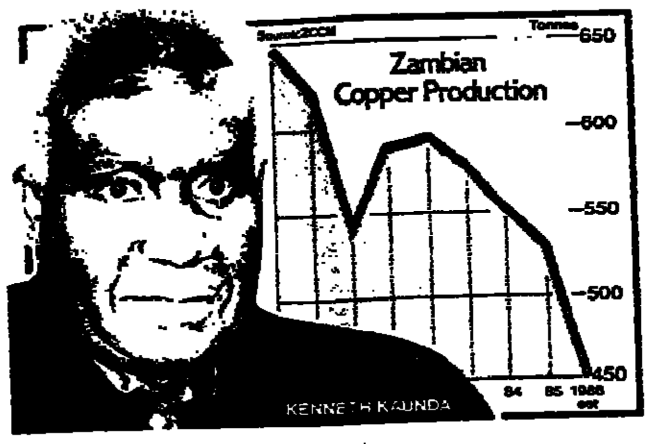
They are also symptomatic of a growing activism on the part of a number of political figures in the British territory. This has in recent months discomfited Hong Kong Government officials as much as it has Peking's law drafters.

This second meeting of the Basic Law Drafting Committee comes almost three months after Lu Ping, secretary-general of both the committee and the Hong Kong and Macao Affairs Office in Peking, headed a delegation of Chinese law experts to Hong Kong. They spent almost a month in Hong Kong interrogating local people on their views on the future.

The drafting committee is expected to consider a report from Lu Ping on the findings of his visit. They are also expected to approve a draft structure for the basic law.

Patti Wald neir, recently in Lusaka, reports on the painful progress of reform

West's economic remedies on trial in Zambia



IN THE past 12 months, the conventional economic wisdom of the West has made unprecedented gains in sub-Saharan Africa.

Faced with the threat of economic collapse, country after country—from "revolutionary" Ghana to Zaire—has set off on a western-orientated path of economic reform. Exchange rates have been painfully adjusted, trade liberalised, agricultural incentives increased and bloated bureaucracies trimmed in an attempt to correct the mistakes of a more affluent past, and to attract the massive external funding needed to contain the crisis.

The West, and western-dominated institutions, have responded to this apparent change of heart with a flurry of special financing facilities designed to reward those who have recognised the importance of the market: some $450m has already been committed from the World Bank's $1.5bn "special facility for sub-Saharan Africa," and the International Monetary Fund (IMF) is about to make available some $3bn in new funds to the poorest of the committed reformers, most of them in Africa.

Few reform programmes have gained such enthusiastic financial and rhetorical backing from the West as that in Zambia, where policy changes have been among the most radical and where adjustments are likely to prove among the most painful. Yet, in Government corridors in Lusaka, as in the ministries and central banks of many other reform-minded nations on the continent, the visitor detects little sign of the enthusiasm of the true convert.

Officials make it clear that only tangible results, in the form of an improvement in the continent's appallingly low standard of living, can ultimately persuade them that market-based reforms should be sustained and deepened.

"The West is on trial in Zambia," says a well-placed government official. "All the levers we're pulling to turn the economy around are Western levers. If they fail, the rest of Africa will ask what are the benefits of moving in the Western orbit."

Many among the Zambian elite, and many more from the swelling ranks of the poor, have already begun to inquire about the benefits. The Zambian Press carries daily attacks on government economic policy from trade union leaders, politicians and industrialists. Criticism of the country's elder statesmen leader, Dr Kenneth Kaunda, is now more open than at any time during his 22 years in office.

Mindful of this criticism, the President has recently replaced the chief architect of the adjustment programme, Finance Minister Luke Mwananshiku, along with most of his economic team. The move has been met with consternation in Western capitals, where Mr Mwananshiku and his colleagues have been held in high esteem. It has been welcomed in Lusaka, however, where Mr Basil Kabwe, the new Finance Minister, is portrayed as a "Friend of the common man" and an enemy of exploitation. But officials emphasise privately that the reshuffle is unlikely to alter the general course of economic policy: "Zambia will continue to move in the direction of the freer play of market forces," said one top official.

Government and donor representatives recognise that, given the depth of the country's economic crisis, it would be folly to predict an early recovery. According to a recent World Bank assessment, Zambians will have to endure a decade of austerity and a continuing decline in per capita consumption before they are able to generate a trade balance sufficient even to cover interest payments on the country's external debt (currently $3.8bn), let alone reduce the principal outstanding.

According to those who have championed reform in Zambia (Western Donors, the IMF and World Bank, along with a handful of Zambian officials who have battled inertia and apathy within the country's sole legal political party) the bottom line is that, without adjustment, the prognosis would have been even worse.

For Zambia's mono-commodity economy — copper accounts for more than 90 per cent of export earnings — is about to have the rug pulled out from under it, with copper production (already at historically low levels) expected to fall off sharply towards the end of the century

This fact, more than any other, appears to have jolted government and donors into action: Successive IMF-backed reform programmes from the late 1970s onward have consistently fallen one step behind the worsening crisis. Intent on halting the decline, the government and the IMF agreed a rigorous new programme late in February which goes far beyond previous aborted efforts.

As part of the SDR 230m (£174.8m) two-year IMF programme, Zambia has introduced a foreign exchange auctioning system which has led to a 70 per cent devaluation of the Kwacha, agricultural prices and marketing have been freed, trade has been liberalised and the government is committed to impose fiscal discipline.

The result has been almost unanimous acclaim from the private sector, which is able to obtain hard currency for urgently-needed spare parts, equipment and raw materials freely through the auction, rather than being forced to rely on a cumbersome and corrupt import licensing system and equally widespread condemnation from consumers who have seen prices rise sharply

So far, Western donors have fallen in solidly behind the Zambian experiment, pledging $400m a year in concessional support and contributing the bulk of funds which keep the country's innovative foreign exchange auction in operation. The IMF has clearly made a special effort to galvanise support, not least because the Fund has a financial vested interest in seeing Zambia recover to repay its $700m in debts from previous IMF loans which did not succeed in putting the country on the path of sustained growth. (Some $270m extra may now be available from the Fund under its recently launched structural adjustment facility.

But there can be little doubt that Zambia is sailing very close to the wind. Even after rescheduling on the most generous possible terms, debt service will continue to consume some 40 to 50 per cent of export earnings in the medium term—or even more if the copper production and price forecasts of government and donors prove, as so often in the past, hopelessly over-optimistic

Zambian officials say candidly that there is virtually no end in sight to the country's external debt problem. Successive rescheduling will have created, by the end of the decade, new debt service obligations which will outweigh the relief to be gained bysubsequent refinancings, according to a recent World Bank assessment.

هكذا من الأصل

WORLD TRADE NEWS

JVC to boost output 25% with new plant in US

BY CARLA RAPOPORT IN TOKYO

JVC, one of Japan's leading consumer electronics companies, is to build a Y4bn (£12m) compact disc plant in the US and boost its worldwide capacity in discs by 25 per cent.

"Demand in America is growing faster than we expected," a JVC executive said yesterday. JVC expects sales of the discs in the US to nearly triple to 60m this year, from 23m units last year. In 1987, it predicts *sales to hit 120m units.*

The American market for compact discs, which are high-quality digital recordings of music, is the largest in the world. The Japanese market, which is also growing rapidly, is expected to double this year to around 45m units.

JVC intends to build its US plant in Tuscaloosa, Alabama. The company says it must produce its discs close to its consumers in order to keep up with their music preferences.

There are currently 10,000 titles of CDs available, but this number is growing rapidly. JVC says its new US plant will produce 10m discs a year, with start-up expected early next year. JVC's total world production at that time will be around 40m units.

The popularity of compact discs in Japan is growing so rapidly that this year, the value of discs is expected to exceed the value of LPs.

From 62m *units last year, LP* sales in Japan this year are expected to slip to 50m, at an average value of Y2,800 (£8.40) each. *Compact* discs are currently priced at around Y3,200 in Japan.

The fast growth in CD sales has been encouraged by the intense price competition of CD players. In Japan, prices have fallen so low that many analysts doubt whether producers can be making any money on their sales. Currently, CD players in Japan can be bought for as little as Y39,000 (£117).

Exports of CD players from Japan this year are expected to double to nearly 2m units. The US market for CD players, *which was 1.8m last year, is ex*pected to grow to at least 2.5m this year.

Jason Crisp writes: As a result of the price war in compact disc players, demand has rocketed in Japan, the US and Europe. But few manufacturers *are making any money selling* players.

Profits from the discs, however, are substantial. Shortage *of supplies has pushed prices* up from the already high £10 to nearer £12. Considerable new capacity in discs is being built but it will be some time before it comes into production. Prices of discs are not expected to come down before next year.

In addition to a plant in Japan, Sony already manufactures in Indiana. Phillips is building a new plant in North Carolina in a joint venture with Du Pont which is expected to start production early next year.

Philips' results showed it made a profit in its consumer division. *This was because of* its 90 per cent stake in Polygram, the world's largest manufacturer of discs. The Polygram *plant in Hanover is expected* to make 50m compact discs this year.

Rise in yen set to boost Japanese car imports

By Yoko Shibata in Tokyo

IMPORTED car sales in Japan could jump to 100,000 or about 10 per cent of the total market in five years time, according to the Yanase group.

Factors in favour of growth include the steep appreciation of the Yen; changes by the Japanese authorities to cut the technical testing on low-volume imports and the consumers' growing preference for up-market cars.

Yanase, which accounts for about half the imported cars sold in Japan, suggests the size of the quality car sector (including imports) could double to 1m in five years.

Volvo of Sweden is the latest European company to make changes in anticipation of better times. It is buying out its partner, Teijin, and will take full control of its own import company in Japan.

This follows similar moves by two West German groups, BMW and Daimler-Benz, the Mercedes company which in February set up its own import company. D-B says it will use two import channels and continue to use Yanase, formerly its sole agent.

Last year, imported car sales in Japan rose by 19.5 per cent to 50,351 and still accounted for only 1.3 per cent of the 5.56m new cars registered.

Yanase estimates there will be a further increase to 55,000 this year following a 19.3 per cent rise to 13,998 imported cars sold in the first quarter. March was the 27th consecutive month to show a year-on-year increase.

In the wake of the Yen's appreciation against the dollar, Yanase has reduced prices of imports from General Motors in the US by an average 7.5 per cent, while Ford Motor Japan dropped prices by 9.4 per cent at the end of last year.

West German producers account for 80 per cent of total imported car sales in Japan but the depreciation of the D-Mark against the Yen has been only slight.

However, Yanase has reduced the prices of Volkswagen cars down by 1.2 per cent and of Audi vehicles by 1.7 per cent.

John Brown in bid for Syria project

By Christian Tyler, Trade Editor

JOHN BROWN Engineering of the UK is bidding with Sumitomo of Japan for a rare project opportunity in Syria.

The companies have been shortlisted among bidders for a £50m power station contract at Swiedieh in the north-east of the country. *The other competitors are* General Electric of the US and AEG of West Germany.

In terms of price, the American bid is said to be the cheapest, with the Anglo-Japanese group second. But the German bid would be financed under the terms of a soft loan protocol and the British and Japanese are expected to match the subsidy.

The UK will contribute from its aid budget a quarter of the value of the British element, roughly half the total, if the bid succeeds.

Finance for the John Brown bid to supply gas turbines and other equipment is being arranged by London merchant bankers Samuel Montagu.

It is not known whether the outcome will be influenced by Syria's reaction to the US bombing of Tripoli and Benghazi, thus lessening the chances of the GE tender.

But those close to the project *do not expect Britain's involve*ment in the raid on Libya to affect the Anglo-Japanese offer.

Airport design deal

A CONTRACT to design an extension to Bahrain's airport *terminal* building has been awarded to Scott, Brownrigg and Turner, the British architects for the fourth terminal at Heathrow Airport, London.

India's back-street leather boom

BY IAN RODGER, RECENTLY IN MADRAS

THE Big crows are always circling over Periamet, a small enclave in the heart of Madras that is the capital of India's huge leather industry. It must be a frustrating experience for them — the promising smell of flesh without the delivery. The abbatoirs are elsewhere.

To the first-time visitor as well, Periamet, with its narrow winding streets, shabby two-storey buildings and mix of *sweet leather and sour sewage* smells, is frustrating. It seems like a cross between a sleepy Arab souk and one of London's old wholesale market areas.

One peculiarity of the leather industry is that it is dominated by Moslems. The Hindus do not like to deal with sacred animals.

For obvious reasons, cowhide is not particularly good. Indeed, it only becomes available as a result of what those in the trade euphemistically call "fallen cow."

It is difficult to believe that millions of dollars of export business is transacted every week in the squalid little showrooms or "go-downs" that line the streets off Sydenhams Road. But Periamet *has become one* of the main ports of call for the world's leather buyers.

Leather is one of India's *boom industries.* The value of leather and leather goods exports has doubled in the past six years, and is now more than *$500m a year. Finished leather* accounts for over half of this figure, and most of the country's finished leather is traded in Periamet.

Leather Exports

US$m	1980-81	1981-82	1982-83	1983-84	1984-85
E.I. tanned hides and skins	23.83	29.39	27.13	30.35	33.92
Wet blue chrome tanned hides and skins	23.33	18.01	18.21	14.10	7.05
Finished leather	155.66	185.94	186.57	182.99	257.11
Handbags, wallets etc	8.15	17.05	20.50	24.59	29.56
Leather garments	4.46	5.07	6.19	8.61	7.88
Other leather goods	2.87	2.85	2.61	4.06	4.28
Ind. leather manufactures	9.68	10.83	9.18	7.46	13.70
Leather footwear	19.73	18.02	16.32	19.57	22.31
Footwear components	26.70	58.65	66.09	94.64	110.65
Total	274.41	345.81	332.80	366.37	486.46

This growth is a considerable achievement for the industry, because only a decade ago, most *of India's leather exports* were in the form of low value, semi-processed hides, the so-called East India or EI grades.

But *with government* encouragement, several high technology tanneries have been built and the country now has sufficient tanning and finishing capacity to process all the 34m hides and 74m skins that are available annually.

EEC imports of finished leather grew from Rs 801m to Rs 1.4bn in 1984. EEC purchases of EI grades went up from Rs 198.5m to Rs 334.9m over the same period. Buffalo calf leather and kid have become specialities, and are particularly appreciated by US and West German buyers.

For all its progress, the industry still has significant problems. Foreign buyers complain about the reliability of Indian suppliers. A study team sent to Western Europe last autumn by the council for leather exports was told that Indian tanners had a tendency to disregard contracts if the price in the market went up. Also, the supply was not reliable and manufacturers sometimes reneged on commitments.

Attempts to further upgrade leather into various products have run into problems because of the lack of good quality zippers, snap fasteners and linings. But these weaknesses are being tackled. The Government has simplified procedures for *importing zips, for* example.

Last year the Government identified leather products as a "thrust" sector for exports, partly because it is labour intensive — employing about 500,000 people — and partly because 85 per cent of the raw materials are local.

It wants 90 per cent of leather exports to be in the form of finished products by 1990, compared with about 40 per cent today. *Opinions are divided in* the industry whether this can be achieved.

The problem is *not* so much *India's ability to produce* more shoes, handbags and other leather goods. Rather, it is the more intense international competition in higher value-added goods, especially those subject to the whims of consumer fashions.

Even if the export thrust does not work out, India will probably soon need all the skins and hides it produces for its fast-*growing domestic market.* Some traders expect that the country will have to import skins and hides within five years because *in this largely vegetarian* country, the number coming available is not growing as quickly as the population.

So the days of *Periamet* as a prosperous market look limited. That may not be particularly good news for the traders, but perhaps the crows will leave.

UK seeks Soviet energy orders

BY PATRICK COCKBURN IN MOSCOW

MR PETER WALKER, British Energy Secretary, starts a four-day visit to Moscow next week leading a team of British businessmen interested in contracts in the Soviet energy industry.

Foreign interest has been sparked by Soviet plans to keep oil output up by employing better equipment in the oil-fields, while conserving the amount of oil used in industry.

Despite the fall in export revenues because of the fall in oil prices, the Soviet energy sector is not likely to reduce its imports because of its priority within the Soviet economy.

Mr Walker, whose visit is at the invitation of Mr Yuri Marchuk, deputy chairman of the Soviet Council of Ministers and head of the State Committee for Science and Technology, will seek to persuade Soviet ministers that British expertise in the oil industry and energy saving is applicable in the Soviet Union.

The Soviet energy programme is showing some signs of success. In March, oil production in the key Soviet oil province of West Siberia topped 1m tonnes a day and output this year should be above the 595m tonnes produced last year.

Oil output is being raised by better quality equipment for primary production as well as secondary and enhanced recovery. Low reliability of electricity supplies is blamed for frequent stoppages of pumping, according to the newspaper Socialist Industry.

British companies are interested in selling stand-by generating equipment, turbines and secondary recovery technology. Over 85 per cent of Soviet oil output is recovered by water flooding but there is a shift towards gas lift equipment.

Enhanced oil recovery, using chemical or carbon dioxide flooding, or thermal methods, is little used.

In the early 1980s, British energy-related exports to the Soviet Union averaged about £100m a year, but this tailed off last year as big energy projects were completed in the last year of the Five Year Plan.

British companies are interested, however, in the Karachaganak gas project. Rolls-Royce is bidding for a gas collection system contract worth some £100m, and Babcock for a gas processing plant.

Countertrade lease venture aims at China

US, Swedish and Japanese companies have formed a new countertrade concern aimed initially at business in China and the US, AP-DJ reports. The company, Consortium Leasing will lease capital equipment in return for products made by that equipment.

The companies are A. Johnson & Co of Sweden, an international trading company, Equitable Life Leasing, the equipment-financing arm of Equitable Life Assurance Society of the US, and Yamaichi Securities, one of Japan's "Big Four" securities houses.

The new countertrade company will focus on China in particular because of that country's need to modernise industry through foreign equipment.

End mixed credit row, says Eximbank chief

BY NANCY DUNNE IN WASHINGTON

MR JOHN BOHN JR., who is making his international debut as US Export-Import Bank chairman at the OECD meeting in Paris this week, has strongly signalled his desire for a settlement of the long-running *dispute over the use of aid in* export financing.

At a press conference this week, he expressed "some hope" *but not much optimism that a* settlement of "this silly mixed credits business" would soon be reached.

Clearly, Mr Bohn, who has been called "the most qualified Eximbank chairman ever," wants to get on with the business of boosting US exports, and to introduce new techniques and instruments to that end.

Export financing, he says, is "on the threshold of an interesting future." The bank must note the innovations in the financial market place, such as swaps and currency guarantees, and make use of them.

"We must be prepared to adapt to changes in the capital markets, to the financial structures and to economies," he said in a recent speech in Seoul.

It is an ambitious undertaking, but Mr Bohn is the right man for the job, according to Mr Dale Gianturco, a Washington consultant and former long-time Eximbank official.

He and Mr Will Berry of the national foreign trade council have both criticised Exim policies but both praise Mr Bohn's judgment, managerial abilities and technical knowledge, particularly of the vital Pacific Rim region.

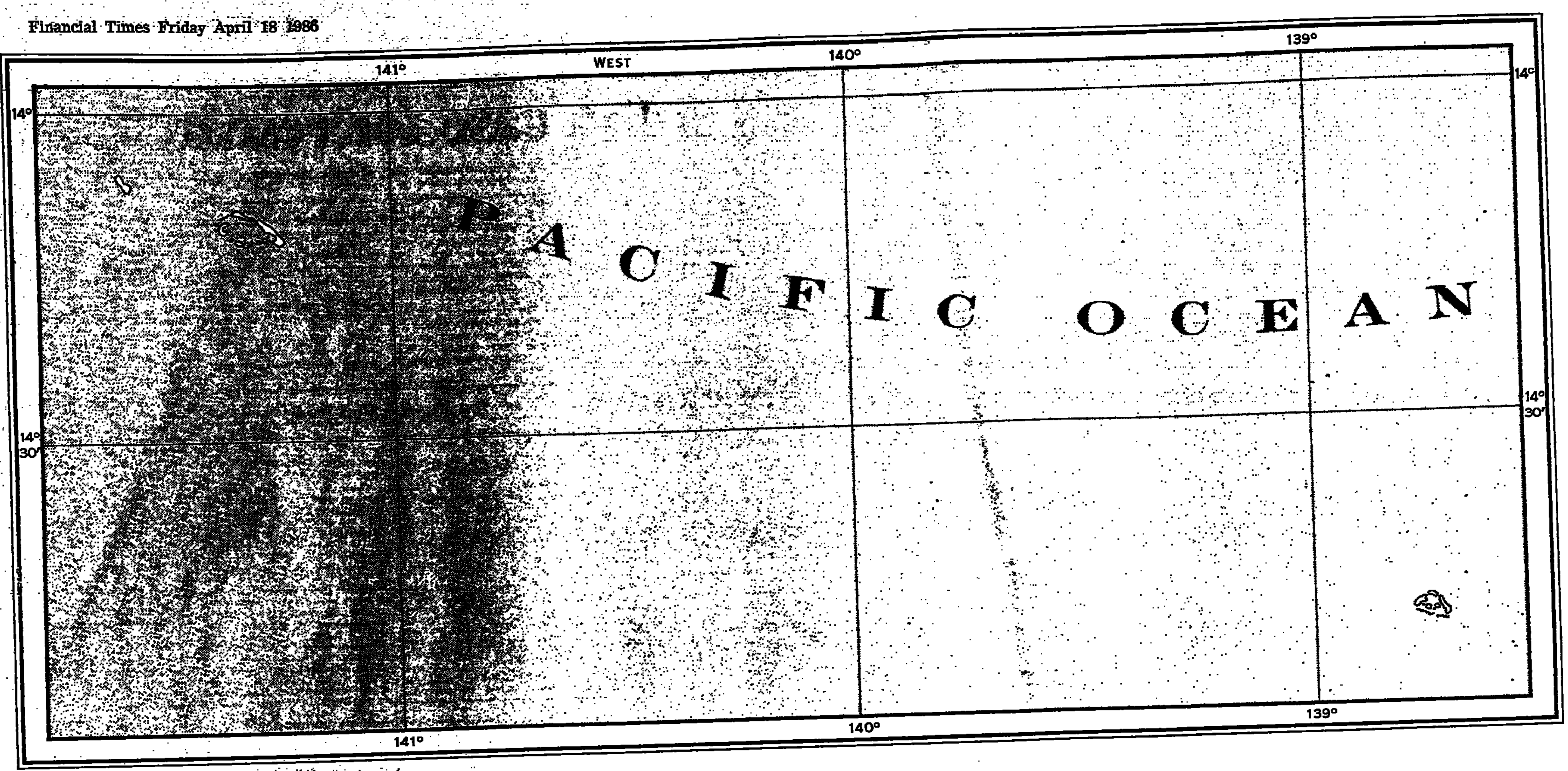
Before becoming chairman, Mr Bohn served for two years as Exim vice-chairman. Before that, he was US Ambassador and executive director of the Asian Development Bank in Manila, where he gained experience in project financing.

He attended the London School of Economics as a Fulbright Scholar where he says he blossomed from "a serious-minded fellow" to play guitar in a folk group.

Mr Bohn practised law in California after receiving degrees from Harvard and Stanford Universities. When he was 30 he turned to banking and began his career with Wells Fargo where he first learned export financing.

He has been a keen supporter of the President since Mr Reagan's first campaign for governor of California, and came to Washington, leaving behind his successful banking career, to help correct policies he believed had the US "on the road to bankruptcy."

Mr Bohn hopes to adapt the Export-Import bank to the Administration's view of a perfect world of free markets in which the allocation of resources would no more be distorted by subsidies.



In 10 years will this be the financial centre of the earth?

The world's traditional centres of finance and industry are located where traditional communications are best. But today you can do business all over the world from any place in the world, even from a South Pacific island. All you need is the right international data network. The catch is, what's right for one company may be totally wrong for another. Designing, developing and maintaining Information Technology (I.T.) systems for clients in 71 countries is a speciality of KMG.

Truly effective worldwide I.T. networks sometimes prove to be as far from reality as South Pacific island HQs.

There may be absolutely nothing wrong with either the basic concept or the equipment in itself.

But our comprehensive survey of I.T. in 14 multinational companies shows that all too often, once the I.T. bug has bitten, money is lavished piecemeal on inconsistent systems.

Other companies are so frightened by the pitfalls that they ignore I.T. altogether, ostrich-fashion.

Complex international data networks demand careful analysis, long-term planning and disciplined implementation – both globally and in each country involved.

We know from experience the corporate headaches that can result when these factors are ignored, because we're often called in afterwards to help sort things out.

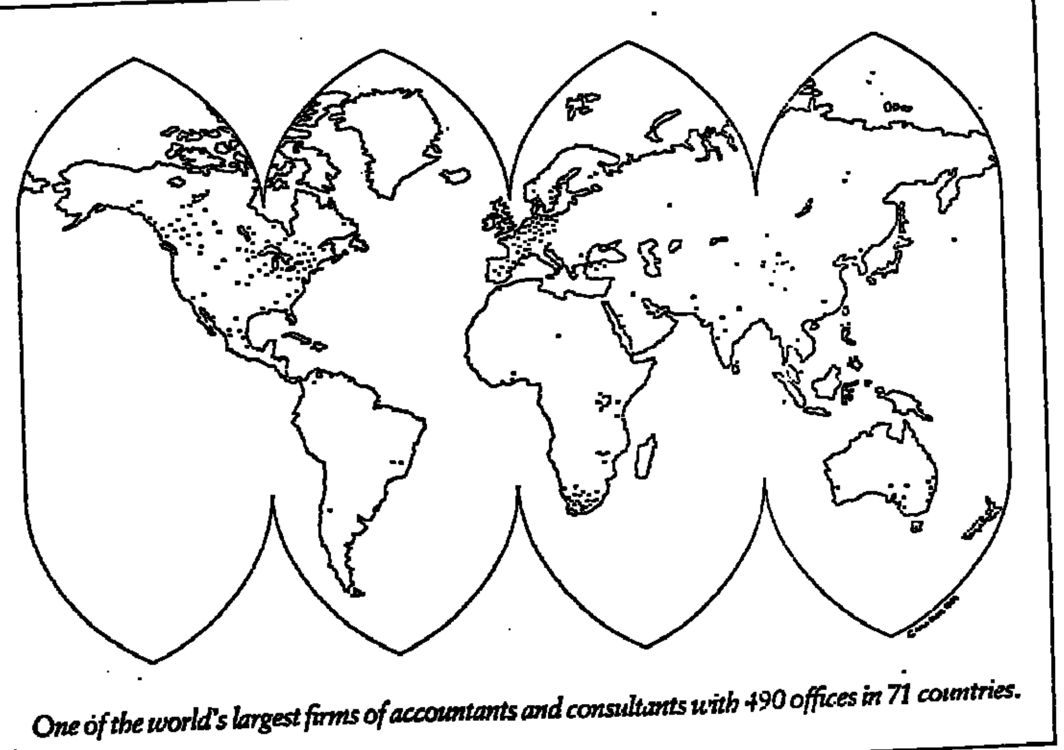
With 25,000 qualified consultants and accountants across the world in 71 countries, each KMG office is a strong local firm in its own right.

This structure is important because it allows us to give international clients the best of both worlds: detailed local knowledge *and* the global overview of a large worldwide organisation.

What can this achieve? Only a few years ago, one of our U.S. based clients was still setting up a new local accounting centre every time it opened a factory or sales office in a new country.

THE NETWORK

Argentina	Luxembourg
Australia	Macau
Austria	Malaysia
Bahamas	Mexico
Bahrain	Morocco
Belgium	Netherlands
Bermuda	Netherlands (Antilles)
Botswana	New Zealand
Brazil	Nigeria
Canada	Norway
Cayman Isles	Pakistan
Channel Isles	Peru
Chile	Philippines
China	Portugal
Colombia	Saudi Arabia
Costa Rica	Singapore
Cyprus	South Africa
Denmark	S.W. Africa (Namibia)
Ecuador	Spain
Egypt	Sri Lanka
Finland	Surinam
France	Swaziland
Germany	Sweden
Greece	Switzerland
Hong Kong	Taiwan
Iceland	Transkei
India	Tunisia
Ireland	Turkey
Italy	U.A.E.
Ivory Coast	U.K.
Japan	U.S.A.
Jordan	Uruguay
Kenya	Venezuela
Korea	Zaire
Lesotho	Zimbabwe
Liechtenstein	



One of the world's largest firms of accountants and consultants with 490 offices in 71 countries.

This costly and inefficient decentralisation was the only way to get (relatively) quick, accurate financial reports.

Within the last five years, powerful micro-computers and sophisticated data transmission techniques have brought about a remarkable transformation.

KMG has helped the Company install a system which turns raw data entered by local clerical staff into potent centralised Management reports for instant access whenever required.

The software program, developed by us, takes into account currency fluctuations, local tax laws and business regulations in each country.

Our reputation in this field has led even software manufacturers themselves to seek specialist advice on international financial programming from KMG's experienced consultants around the world.

Another of KMG's specialities is the important task of reviewing security in international computerised accounting and reporting systems.

Here the very basis of our firm – accountancy and auditing, as well as consultancy – is invaluable.

This foundation also gives us a special insight into the many financial considerations of designing tailor-made Business Information systems.

Our clients benefit from our professional standing in other ways, too.

It takes an unbiased advisor to say (as we occasionally do) that I.T. is *not* a cost-effective solution to a particular business problem.

As a firm of objective, independent professionals, we're well qualified to arrive at a balanced judgement.

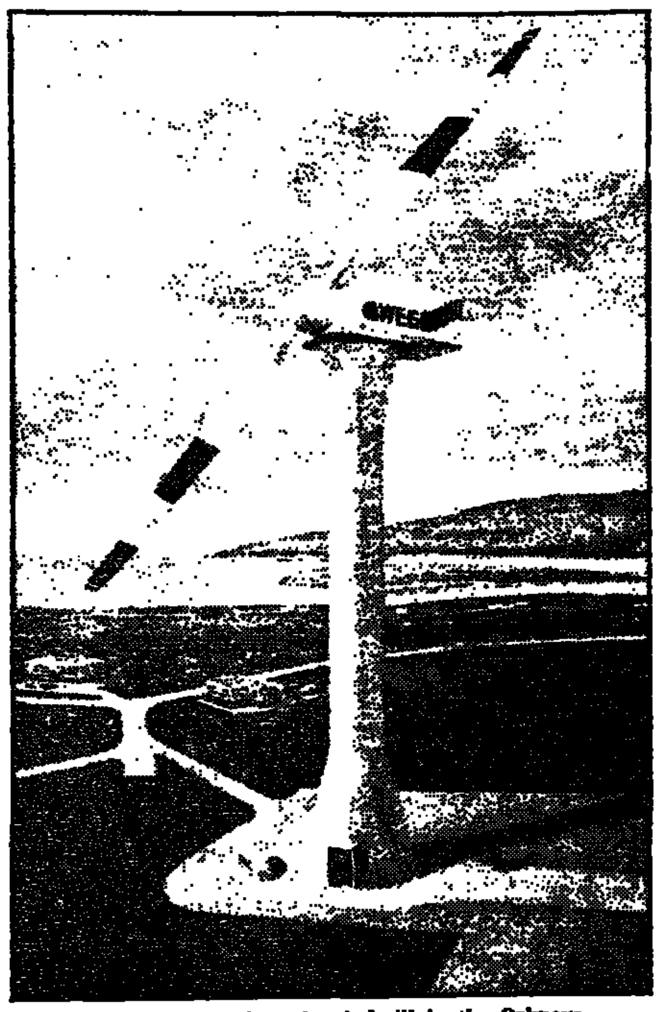
Whether your HQ is on a South Pacific island, Manhattan Island, the Isle of Dogs or a thousand miles inland, KMG is ready and willing to help.

For further information about our worldwide services, please do not hesitate to contact the KMG International Executive Office in Amsterdam, telephone 31 (20) 42 42 45.

KMG

INTERNATIONAL ACCOUNTANTS AND CONSULTANTS

Why there's still a case for research



Wind Energy Group's windmill in the Orkneys

A decade of intense scientific and political enthusiasm for the "benign and renewable" sources of energy—sun, wind, waves, etc—has made no perceptible contribution to national energy resources in Britain. With the oil price—the original spur—falling, is it time to abandon the research programme?

By David Fishlock

SCIENCE is notoriously reluctant to see projects abandoned even when the odds are clearly against commercial success. But this programme has cost the British taxpayer £100m since 1976.

This year, for example, the "renewables" programme of the Department of Energy is costing a further £14m, of which £4m is earmarked for a big aerogenerator (windmill) in the Orkneys at a time when machines of this size are being abandoned and auctioned abroad. Another £3m is being spent on a geothermal borehole in Cornwall which for the past 18 months has proved infuriatingly dry.

Enthusiasts, however, still lobby hard for an increase in spending. The fact that the technology looks unpromising on a small scale has not deterred them from arguing that it should be scaled up. They point to the fact that the National Coal Board is brazenly expanding its oil-from-coal process to pilot-plant scale at a cost of £30m, despite the unpromising economics of laboratory trials (and the defection of BP and Phillips as commercial partners).

Energy is c £35bn annual business in Britain. Set against the £1bn Britain is estimated to be spending annually on energy research and development, £14m is not a large sum. Nevertheless it is all public money. Therefore it is justifiable to ask the question whether the public can expect any return.

The Energy Department argues that there is a return already. But it comes from the less spectacular, less publicised—and, incidentally, less costly—areas of the renewables research programme. It also believes that it must steel *itself* to abandon research decisively if results show that the economic prospects are miserable.

Renewables are just a corner of the £1bn canvas of energy research monitored for the Energy Department by Acord, its Advisory Council on Research and Development into Fuel and Power, under the chairmanship of Sir Sam Edwards, the eminent Cambridge physicist who is chief scientific adviser to Mr Peter Walker, Energy Secretary.

Within the department itself, renewable energy is seen as a strategic research programme with a long-range perspective, to be protected from short-term pressures such as fluctuations in the oil price. From a standing start in the mid-1970s, its spending on renewables has risen to a relatively steady level in the 1980s. Annual fluctuations are due mainly to the investment in specific major projects (such as the £4m allocated to the big aerogenerator this year).

In contrast, the US Department of Energy tried to drive its renewables programme politically to counter the oil supply problems of the mid-1970s. This led to enormously generous research spending — but no significant economic successes. The campuses of US national laboratories today are littered with idle windmills and derelict solar collectors.

Ironically enough, a solar project is giving the UK Energy Department greatest pleasure from its renewables programme. The scientists call it "passive solar power." Mr David Hunt, minister responsible for the renewables, prefers to call it direct solar power—"it's more positive." Indeed, Mr Hunt radiates boyish enthusiasm for the renewables programme.

Direct solar power requires no expensive amplifier to trap and concentrate sunshine to an intensity where it might raise steam for electricity generation, as the US, Spain, Italy and others have tried. It simply means designing buildings as solar collectors so that they are natural traps.

Put at its simplest, direct solar power means redistributing the glass in a house so that as much solar energy as possible is admitted on the south side, and as little as possible leaks away to the north.

According to Dr Derek Pooley, who has just ended a three-year stint as chief scientist at the Energy Department, savings in energy bills of £40-50 a year can be obtained for an additional outlay of £250-£300 — at the design stage. The evidence comes from over 100 homes built on this basis in Milton Keynes, Bucks. "Owners like them," asserts Dr Pooley. He says owners think their houses are warmer as well as cheaper to run, although this was not the project's intention.

A modest outlay of about £1m this year is going mainly to spread the message among architects and planners that capturing solar energy in this way is a tremendously good investment for the home owner in the long term.

Another unspectacular success story the department likes to cite is trapping the combustible gas given off by biodegrading wastes in refuse tips. It has made an inventory of Britain's landfill sites for domestic refuse and is busy trying to match sizeable pockets of "bio-gas" — a mixture of methane and carbon dioxide — with potential users. Cadbury-Typhoo is one of the latest.

There is a serious research side to this energy resource. Harwell scientists have laid the base for much more prolific gas output by tighter control of the tip, to regulate such factors as temperature, humidity and packing density. In other words, they are turning tips into something closer to bioreactors.

But what of the big spenders among the renewables, which have tended to hog the headlines? Since 1978 about £17m has been spent on research into harnessing wavepower. The scientists established that waves could be harnessed on a large scale—but not at a price which is remotely interesting to the electricity supply industry. Mr Hunt says he found on a recent visit that the Australians had come to the same conclusion about their famous surf.

That conclusion, for those who have been developing ever-more ingenious ways of harnessing waves, is a big disappointment. It is not invalidated, the department says, by small-scale efforts in Norway and Japan to harness waves at highly specific locations where the geology may specifically favour a scheme.

Wave power—a form of wind power—is one area where they have bitten the bullet and reduced research spending drastically, to a level where they now merely monitor the field for any sign of new thinking which might radically change the economic outlook. The decision to chop wave power was taken unanimously by Acord, their scientific advisers, Mr Hunt says.

Waves looked exciting because the enthusiasts were stressing how much energy was there to be tapped, says Dr Pooley. But scientists became less keen when they found how little of the energy in a wave their machines would actually harness, and how much it would cost to make the machine strong enough to survive.

Wind power presents a much rosier prospect, despite some spectacular failures abroad. Big US aerogenerators have suffered serious cracks. The Germans abandoned their big machine. An aerogenerator in Brittany was caught by a gust which transformed it "into a bent paper clip," to quote a French engineer, and was never repeated.

Britain has learned from all these setbacks, claims Mr Hunt. The programme has steadily increased its rate of spending year by year, to £6m this year. Late this year the Energy Department is hoping to get power from a 3 Mw aerogenerator which will cost over £6.5m to build and another £2m in design studies. The 3 Mw size is considered to be about the limit to which engineering design and materials can be stretched at present for a machine that runs under intensely fatiguing conditions.

The design — by the Wind Energy Group (WEG) comprising Taylor Woodrow, GEC and British Aerospace—incorporates ingenious ways of cushioning the stresses which have caused earlier aerogenerators to crack. WEG was sufficiently confident to negotiate a fixed-price contract with the Energy Department.

Nevertheless, to compete with nuclear power on the mainland, the Energy Department estimates that unit costs of such an aerogenerator must fall to £2m or less. The department is also preparing to help evaluate the social acceptability of "farms" of such machines, operating as a power station — noise and visual and TV interference, for instance.

Ideas for putting such wind-farms offshore in order to minimise environmental problems still tend to founder on the much higher costs. BP has been guiding the scientists here, with such disturbing data as that the cost of putting *anything* offshore is more than doubled by the extra cost of managing and servicing it.

Dr Pooley sums up these three ways of harnessing the wind by saying: "We don't believe there is any way waves can compete with offshore windmills, never mind onshore windmills."

Geothermal energy — tapping heat deep in the earth's crust — is attractive because as a resource it could be both inexhaustible and continuous (whereas windmills will work for only one hour in every three. The snag is that so far the big experiment at Camborne in Cornwall, to which almost £20m has been committed, has failed to yield any energy.

The idea is to create a natural heat-exchanger of fissured rock, and heat water by pumping it through the cracks. At Camborne they have been pumping for the past 18 months but most of the water fails to return to the surface. Until the scientists know why, they cannot make any credible estimates of costs for geothermal energy, however alluring it may sound in principle.

Lobbying has already begun to try to combat the threat that geothermal energy could follow wave power into oblivion in the renewables programme. But the minister is reassuring. The present management contract runs until September and the department has every intention of continuing the programme for a further year, although it may be under new management, he says. It may even go to the expense of new boreholes, in the hope that Camborne has run into a local geological anomaly rather than a general impediment to the process.

Geothermal energy is the most attractive of all the benign and renewable sources open to Britain. If the scientists can clear whatever is choking Camborne, they will open the way to a much more ambitious experiment to tap heat from a depth of 6,000 metres—nearly four miles—and feed it to a small power station. It could cost upwards of £40m.

Such a station could be the precursor to socially very acceptable geothermal stations serving each city with heat and power, virtually free from emissions or effluents.

**Dr John Rae from Harwell is the new chief scientist at the Energy Department; Dr Pooley has become deputy director of the UK Atomic Energy Authority's Winfrith Laboratory.*

Mr David Hunt: boyish enthusiasm for renewables

UK NEWS

Decision expected soon on supply ships deal

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is near a decision in the award of contracts worth £40m for two naval supply ships which has been fiercely contested over the past two months by the state-owned Harland and Wolff yard in Belfast and Swan Hunter on Tyneside, north-east England.

The Cabinet's economic strategy committee discussed the matter for more than an hour yesterday, concentrating on the question of whether there had been cross-subsidisation of the Harland and Wolff bid, producing unfair competition, as supporters of the Swan Hunter bid allege.

Afterwards, ministers commented that the decision had not been sufficiently refined for an immediate announcement to be made.

However there are indications that the big issues have been resolved and a House of Commons statement may be made next week or early the following week. It is not yet clear whether this will require a further discussion by ministers.

Westminster still expects that the orders for one, or probably both, the auxiliary oiler replenishment ships – designed to refuel and supply the fleet – will be awarded to Harland and Wolff.

However, some work may go to the recently privatised Swan Hunter yard as compensation in view of earlier support by the Government for the yard in its new private sector form.

There has been strong lobbying on behalf of Harland an Wolff within Whitehall, although north-eastern MPs and some members of the Cabinet have been concerned that the dangers of redundancies at Swan Hunter, in an area of high unemployment, should not be ignored.

VOTE FOR DISCIPLINARY ACTION AGAINST NEWS INTERNATIONAL WORKERS

Murdoch row splits journalists

BY HELEN HAGUE, LABOUR STAFF

THE National Union of Journalists was plunged into an internal crisis yesterday after delegates voted by a narrow margin to call on the union's national executive to instigate disciplinary proceedings immediately against union members reporting to work at News International's (NI) printing plant in Wapping, east London, in defiance of a union instruction.

The executive, which earlier this week voted 13 to 12 against immediately embarking on such a course, was defeated in two conference votes during a polarised debate on the dispute.

Delegates at the NUT's annual national conference voted by 158 to 146 to demand that the executive immediately reverse its decision and press ahead with laying disciplinary complaints against those working at Mr Rupert Murdoch's Wapping plant.

It also voted 156 to 145 to condemn the national executive for not taking the initiative itself.

The vote followed a tense two-hour debate in which Mr Harry Conroy, the union's general secretary, and News International (NI) journalists who have refused to go to Wapping both argued strongly that disciplinary measures, instigated in the course of the dispute, would be counter-productive.

Mr Conroy told conference that 86 journalists were now obeying the instruction not to work at Wapping and that the union was continuing to "urge, argue and persuade those remaining inside the plant to heed the instruction."

He said the priority in the 12-week-old dispute was to secure an acceptable settlement for the 5,500 print workers who had been dismissed by the company.

Moves to get conference to call out NI members on strike and start a campaign for solidarity action across Fleet Street in support of the sacked printers were not backed by conference.

Ms Pat Healey, a journalist dismissed from The Times for refusing to go to Wapping, said it would be a tactical mistake to begin the process of en masse disciplinary proceedings.

Mr Greg Neale, a former father of the chapel union branch chairman at The Times, also stressed that it would be a tactical blunder to press ahead with the disciplinary "Rule 18" complaints now. Journalists who had refused to work at Wapping would want to return to work there on the basis of "rehabilitating" an existing NUJ chapel.

Mr Tony Levene, a Sunday Times journalist who had refused to move to Wapping from the newspapers original offices in Grays Inn Road, central London, warned that the laying of Rule 18 complaints against all journalists working at Wapping could scupper chapel-based initiatives from inside the plant which were gearing up to holding a ballot on industrial action at the end of the month.

He said that there was "an enormous feeling of despondency" among those on the Sunday Times who had defied the union's instruction and gone to work at Wapping.

Delegates who spoke from the rostrum in favour of immediate discipline had harsh words to say of those reporting for work.

Civil Service blames pay for failure to fill specialist posts

BY HAZEL DUFFY

THE CIVIL Service Commission – responsible for recruitment into the executive and specialist grades of the Civil Service – fears that it will lose ground to other employers competing for graduates this year.

In its 1985 report published yesterday, Civil Service pay is cited as one of the main factors in failing to fill vacancies in certain specialist grades. Pay was also given as the most important reason by candidates who had passed the final test in the commission's rigorous competition but then rejected the posts offered to them.

In 1985, out of a total of 10,235 candidates recommended for appointment by the commission, 2,640 did not take up the offer.

This year demand for graduates overall is forecast to increase by 4 per cent. But the supply of graduates for the first time, will be no higher than the previous year. Starting salaries in the Civil Service can, therefore, be expected to influence graduates' decisions on employment. In some grades, it compares well with the overall average for graduates of £7,200 a year, but in other grades it is significantly lower.

The Treasury has asked the commission to produce more specific information on the pay factor as it affects recruitment to help it arrive at its pay offer in the current negotiations with the Civil Service unions.

The problem is not only recruitment in the specialist grades, but also retention. In the Government scientific service, for instance, recruitment to the basic grades improved last year but this was countered by the loss of some of its most experienced staff – in two grades, more than 7 per cent of the total employed actually left the Civil Service.

Special allowances came into effect for this group late last year, but the commission says it is too early to assess their impact.

Serious shortfalls are also identified in the economic and statistical service, and for lawyers – the commission has started recently to recruit for the new Crown Prosecution Service – and linguists. But more tax inspectors were taken on last year.

In the administrative trainee grade – where the potential high fliers come into the Civil Service – recruitment was reasonably good, although there is continuing concern that more of the good graduates from universities other than Oxford, and Cambridge and poly-technics, do not consider the Civil Service for a career.

Guinness heads for Distillers victory

BY DAVID GOODHART

GUINNESS last night looked assured of victory in its battle to win control of the Distillers whisky group after it announced that it spoke for 46.2 per cent of the share capital. The £2.7bn bid closes at 3pm today.

However, the figure is not yet decisive and the rival bidder, the Argyll supermarkets group, continued to insist that it was also finishing strongly.

Guinness announced it had 31.8 per cent on Tuesday. The new figure consists of 14.99 per cent of Distillers which has been bought by Guinness or other parties in concert and 31.2 per cent of acceptances pledged by private or institutional shareholders in Distillers. The Distillers board has been recommending the Guinness bid and strongly resisting that from Argyll.

The Guinness camp was insisting that the contest for control was now over. Mr Chris Davidson, the main Guinness spokesman, said: "We are delighted with the high level of acceptances with still another day before our offer closes."

The prospect of a stalemate is now very slim but if Argyll was able to stop Guinness attaining more than 50 per cent, Distillers could ask the Takeover Panel to allow for a one-week extension of the offer. The agreement of both Guinness and Argyll to such an extension would be needed before the panel made a decision.

UK NEWS

Growth in output loses momentum

GROWTH in UK industrial production appears to have run out of steam. Official figures released yesterday showed that output of manufacturing and energy industries in the three months to February fell by ½ percentage point from the previous three months, writes George Graham.

Although output was 3½ per cent higher than in the same three months a year earlier, the Central Statistical Office (CSO) said this figure was affected by the 1984-85 coal strike. Without the strike output would have been broadly unchanged from the previous year.

The index of output of the production industries is provisionally estimated to have been 110.1 in February, an increase of 1.7 per cent compared to January's increase of 0.7 per cent. The index stood 4.2 per cent higher than the figure of 105.7 recorded in February 1985.

The CSO said there had been a high level of output in the energy sector as a result of cold weather and oil production had been buoyant.

Manufacturing output in the three months to February was broadly unchanged from the level of the previous three months, but 1 per cent higher than in the same period a year earlier, the CSO said.

Food, drink and tobacco output had risen by 1 per cent but output of textiles and clothing, chemicals and metals had fallen.

The manufacturing figures include a "bias adjustment" introduced by the CSO three months ago in an effort to compensate for an apparent tendency in the provisional figures to understate output. This upwards adjustment has proved too enthusiastic, however, and estimates of output for recent months have had to be revised downwards as more detailed information became available.

☐ **SHELL UK** announced plans for a new type of industrial estate in Britain. Carrington Business Park is to be tailor-made for small or developing businesses while functioning as a registered enterprise agency at the same time.

It will be developed at a cost of £1.2m on a 16-acre site within Shell's Carrington chemical plant near Manchester. The first phase will open in September, involving existing but redundant buildings which will be converted into offices and workshops.

☐ **THE GOVERNMENT** is distributing wall maps of the EEC to all secondary schools in England in readiness for the celebration of "Europe Day" in the first week of May.

Sir Keith Joseph, Education Secretary, hopes that the 4,400 schools will use the occasion to draw pupils' attention to the "scope for co-operation" within the Community. Europe Day will last from May 5 to May 9 under an EEC agreement.

☐ **ABOUT** 5,200 people died on Britain's roads last year – the lowest death toll for 31 years – according to government figures.

But the falling figure – 400 fewer deaths than in 1984 – was seen as 5,200 too many by Mr Peter Bottomley, Roads and Traffic Minister. He said government efforts to improve road safety were limited and it was up to road users to "put our brains into gear before our vehicles, bicycles or feet."

☐ **ARGOS**, the discount stores chain, is planning to create 1,000 new jobs this year as part of a £17m expansion of its retail outlets.

It plans to open some 20 new stores this year which will for the first time include five superstores bringing to 189 its total number of UK stores by the end of the year.

☐ **BRITAIN'S** cutting tool industry increased exports by 16.4 per cent last year to £96.6m, while imports increased more slowly by 11.9 per cent to £91.5m, the Federation of British Engineers and Tool Manufacturers said in its annual report.

The resulting trade surplus of £5.1m for the industry was sharply higher than the £1.3m achieved in 1984. The leading export markets were the US, West Germany and Sweden.

☐ **DAIRY** farmers in England and Wales have boosted milk yields substantially over the past few months and will have to pay a fine to Brussels for exceeding their Common Market quotas.

Total production to the end of March was 12.4bn litres, the Milk Marketing Board said. This was 25m litres above the EEC-imposed quotas and likely to attract a total levy of about £250,000.

☐ **HONDA'S** vehicle preparation centre on a 360-acre site at Swindon, 60 miles west of London, is to open in October with a capacity to handle 32,000 vehicles a year.

Honda will use the facility for pre-delivery preparation for its Legend and Ballade models, which are being built for Honda by Austin Rover and its direct imports to the UK.

☐ **SCIENTISTS** at the Winfrith atomic plant near Weymouth, south-west England, voted to strike over a pay dispute. More than 60 per cent of the 300 scientists backed the strike call in a secret ballot.

They will stage an initial one-day strike on April 30 at the plant, which is Britain's centre for reactor research.

Prison officers vote for 'chaotic' industrial action

FINANCIAL TIMES REPORTER

BRITISH prison officers have voted overwhelmingly in favour of industrial action it was announced yesterday, with more than 80 per cent (16,206) in favour and 3,100 against.

The Prison Officers Association (POA) action caused by a dispute with the Home Office over manning levels could be anything short of an all-out strike and will start at any time between now and May 7.

Present law requires a union to take action within 28 days of conducting a ballot or to hold another vote.

"Everyone will be affected by our action: inmates, prison officers, visitors, the courts, solicitors, prison governors, probation officers and the Home Office Prison Department," said Mr David Evans, POA general secretary.

Mr Malcolm Thomas, POA assistant secretary, added: "We are going to take them by surprise." Action would not be announced publicly in advance and offices would be given only a few hours' notice.

"We are not going to furnish them with the ability to counter any action we take.It is designed to bring about administrative chaos throughout the system," he said.

Tactics used in the past have included a refusal to admit new prisoners, or take them to court, and a general work to rule.

Mr Evans said it was the Prison Department's refusal to accept that the officers had a right to negotiate safe staffing levels that "has led our members to express their anger in a forceful manner.

"We will demonstrate to them (the Prison Department) their absolute folly in disregarding the safety of our members."

Mr Douglas Hurd, Home Secretary, yesterday urged the POA to drop its plans for industrial action and accept the Government's offer to hold talks.

Mr Hurd insisted, however, that while the Government and the management of the prison service were prepared to talk to POA, they would not enter formal negotiations on manning levels.

"We are ready to consult the POA about manning, but we are not prepared to concede the management's right to manage the prison service. We cannot concede to anyone else the right to determine in negotiations what manning levels should be," he said.

Mr Hurd was answering questions in the House of Commons on the prison service. He said industrial action was unnecessary, and warned that contingency plans had been drawn up to cope with the effects of a strike or other action. Mr Hurd refused to confirm that troops would be used to man prisons.

He told MPs: "Much will depend on whether action is taken, and what form that action takes."

"The Government is prepared and will respond vigorously as necessary. In doing so, we shall have the safety of the public and the security of prisons as our first concern."

Mr Gerald Kaufman the labour Party's home affairs spokesman, accused the Government of exacerbating the situation by refusing to use the word "negotiation" to which the POA attached great importance to describe the talks it was offering.

Mr Kaufman said the root case of the problems in the prison service was that prisons were "busting at the seams," with almost as many prisoners as the Home Office had forecast for 1993.

The POA was criticised by several Conservative MPs, including Mr Douglas Hogg who said prison officers were anxious to maintain their current high levels of overtime.

He asked Mr Hurd: "Will you confirm that prison officers are extremely well paid, and that, taking into account overtime, the average prison officer only earns about £2,000 less than MPs?"

Mr Hurd said he was worried about the level of overtime, which amounted on average to 16½ hours per officer per week.

Fresh talks needed on ADRs tax

By Ivor Owen

NO PROVISIONS will be included in the Finance Bill which will deter foreign investment in UK shares through the City on London, Mr Ian Stewart, Economics Secretary to the Treasury, told the House of Commons yesterday.

He confirmed that the omission from the bill of a controversial proposal to impose a 5 per cent charge on conversion of British shares into American depository receipts (ADRs) recognised the need for further discussions about the technical details before the introduction of amendments at the committee stage.

Mr David Sumberg, a Conservative MP, said there was a widespread belief that ADRs would put at a disadvantage major British companies that wanted to raise capital on the international market.

Mr Stewart said he was aware of the comments made by a number of big British companies. However, he stressed that nothing had been proposed in the budget – which is given statutory effect by the Finance Bill – to prevent foreigners buying shares direct in London.

Ulster Loyalists picket police over shooting

BY OUR BELFAST CORRESPONDENT

ULSTER LOYALISTS picketed Belfast police stations last night following the funeral of Mr Keith White, 20, the first Protestant to die after being struck by a plastic bullet.

The funeral at Lurgan, County Armagh, passed off without incident after appeals for calm by the family and Unionist politicians.

However, yesterday evening groups of Loyalists began to gather at some of the main police stations in Belfast, blocking roads and causing rush-hour traffic jams.

The Ulster Loyalists co-ordinating committee, an umbrella group organising protests against the Anglo-Irish agreement, had called for peaceful demonstrations against the use of plastic bullets.

Mr White died on Monday night after he was hit by one of 125 plastic bullets fired by police when trouble flared during an Easter Monday parade in Portadown, 30 miles south of Belfast.

It now seems possible that discussions between Unionist leaders and Mrs Margaret Thatcher, Britain's Prime Minister which collapsed in February, might resume shortly.

Acid rain claims dismissed

BY DAVID FISHLOCK, SCIENCE EDITOR

ATTEMPTS by opponents of nuclear energy to implicate nuclear stations in the controversy over acid rain were quashed by the Government yesterday.

Mr William Waldegrave, Junior Environment Minister, told Parliament that nuclear plants "make no contribution of any significance whatsoever to acid deposition."

Quoting studies by the environmental and medical sciences division of the Atomic Energy Research Establishment Harwell, Mr Waldegrave said the nitrogen oxides discharged from British nuclear station were less than the average emissions from a single petrol-engined vehicle.

The possible impact of atmospheric radioactive discharges from UK nuclear installations on acid deposition. ARE R-12182. HMSO. £4.00

هكذا من الأصل

UK NEWS

Fashion market helps aerosol makers to record-breaking year

BY CHRISTOPHER PARKES

THE VOGUE for rub-a-dub spiky hairstyles, the miserable summer's impact on household stuffiness, the desire for a squirt rather than a dollop of cream and the tendency for Britons to apply scent everywhere rather than just behind the ears, last year combined to produce record results for the UK aerosol industry.

The British Aerosol Manufacturers' Association yesterday announced record output for 1985, when an 11 per cent increase took production to 697m units compared with 626m in 1984. The association declared this "a truly superb achievement," and claimed that sales now exceeded £700m a year.

More than half the rise was due to heavy demand for mousses and other sprays which has sprung from the post-Punk acceptance by young consumers of extravagant hair-dos and the fashion for studied scruffiness.

The success of scented all-over deodorant sprays, which have extended the public's perceived need for smell-suppression beyond the armpits and feet, produced an 11 per cent increase in sales in the anti-perspirant and deodorant sector.

Output of air fresheners, possibly prompted by the lack of opportunities to open windows in last year's poor summer, rose by more than 12 per cent. However, the weather also depressed the bug population, and this caused a drop in demand for fly spray and other insecticides.

The association credits the success of cream in aerosol cans with a more than 50 per cent surge in production in the "miscellaneous" category, which includes veterinary sprays against warble fly and artificial snow.

The overall increase in sales represents the fourth consecutive rise since the recession year of 1981, when sales of the most dispensable items, such as air fresheners, colognes and perfumes, suffered badly.

The 76-member association, which this year celebrates its 25th anniversary, claims that a twelfth of the world's aerosols are now made in the UK, and boasts of an average increase in output over the past four years of 9 per cent.

Its annual report also points to the aerosol's admirable safety record. Department of Trade and Industry figures for 1983 and 1984 show that out of 110,000 accidents recorded in the home, 25 were connected with aerosols. About a third were caused by puncturing or overheating, a similar proportion concerned accidental spraying into the eyes.

The remainder, the report says, "related to accidental ingestion or containers being dropped on toes, or being used as weapons in scuffles."

Call for EEC to aid shipping recovery

BY ANDREW FISHER, SHIPPING CORRESPONDENT

STRONG DOUBTS about the ability of Britain's declining merchant fleet to meet future defence needs were expressed yesterday by the British Maritime League, an industry pressure group.

It called on the UK Government to take a lead in persuading the EEC to influence maritime countries around the world to join with the Community in restoring profitability to the sector.

The league said the Commission should treat the elimination of overtonnaging on international shipping markets more urgently than its pursuit of a common maritime transport policy.

The Commission should also be required to bring pressure on EEC and other governments to withdraw subsidies from shipbuilding, whether applied to shipowners or builders, and to cut world shipbuilding capacity by between 30 and 50 per cent.

The league has expressed concern about the effects of the fall in the UK fleet on the country's economy and defence before. In October 1984, it said a merchant fleet was the essential fourth arm of defence in war.

Then the UK merchant fleet was just under 20m deadweight tons, having fallen from a peak of 50m dwt in 1975. Now, it is below 16m dwt, according to the General Council of British Shipping.

The league's recommendations were published with a report on the industry by the British Maritime Charitable Foundation, a parallel body to the league. Called "Why the Ships Went," it studied the reasons for the fleet's decline.

Why the Ships Went. Published by British Maritime Charitable Foundation and Lloyd's of London Press. £70.

P&O to ballot on radical switch in ship manning

BY DAVID THOMAS, LABOUR STAFF

P&O is to ballot almost 600 seamen on plans for radical changes to the crewing of its cruise liners without official approval from the National Union of Seamen (NUS).

The plans will affect staff such as stewards, barmen and waiters on four liners operating from the West Coast of North America plus one liner operating in the Mediterranean and Caribbean.

The proposals involve making the staff redundant with redundancy payments of between £8,500 and £30,000; rehiring the staff on substantially reduced pay and with the expectation that they would make their pay up by tips; longer terms of duty and no paid leave; and withdrawing bargaining recognition from the NUS.

Under the proposals, a steward's monthly pay would be cut from $1,077 to $450 with a further $400 guaranteed when tips are not available.

Talks between the company and the union in Los Angeles have ended with no agreement, although the company made some improvements to its package during the talks.

The company has decided to conduct its own ballot on the package, which will be completed by April 25. Union representatives on the ships are co-operating with the ballot, but the union nationally has not given its approval. The union accused the company of rushing the ballot to stop union officials from visiting the ships. It is recommending its members to vote against the change.

Mr Christopher Stewart-Smith, P&O Cruises chairman, said: "the informal response we have had from the ships has been encouraging."

However, Mr Sam McCluskie, NUS assistant general secretary, said: "It is scandalous that a major UK shipping company like P&O wants to cut pay rates to third world levels."

Early pay deal likely for council workers

BY DAVID BRINDLE, LABOUR STAFF

MORE THAN 1m local authority manual workers are set to win early agreement on a 1986 wage rise not due for payment until September, because of the collapse of a major review of their grading structure. The increase is likely to be worth at least 6 per cent.

The employers and unions involved have agreed in principle on an "early and straightforward" pay deal while the grading review is restarted for consideration next year.

The two sides have yet to come to terms on the size of the deal: the unions are insisting on a flat-rate rise of £8 a week, worth about 6.7 per cent on the pay bill; the employers are believed to be unwilling to go beyond 6 per cent, or about £5.35 on a flat-rate basis.

However, there is moderate optimism that the gap can be bridged when negotiations resume on May 13.

The grading review was commissioned as part of the manual workers' 1985 pay agreement, worth 8 per cent, and was expected to throw up substantial savings for local authorities. It was knocked off course in February when the consultant who had been contracted to carry out the initial preparation of job descriptions pulled out of the exercise.

The consultant, the Local Authorities Management Services and Computer Committee (Lamsac), had received criticism of their early work and was said to lack the required resources to complete the contract on time.

Since then, the council employers and unions have decided to recruit a team of academics from universities and colleges to re-start the grading exercise with a view to completion by April or May next year.

To clear the decks for this, the two sides have determined to try to get the 1986 pay settlement out of the way as quickly as possible.

The employers will be reluctant to go beyond 6 per cent because they have already refused to do so in negotiations with local authority building craftsmen and craft labourers, who are balloting on industrial action.

UK NEWS

Esso UK profit leclines by £75m after tax

BY DOMINIC LAWSON

ESSO UK yesterday announced post-tax profits for 1985 of £634m, compared with £709m for 1984. The company is to dip into its reserves to pay a dividend of £835m to its parent company, Exxon of the US. A year ago Esso paid its parent £930m.

Esso expects that its capital expenditure this year will be at similar levels to 1985's figure of £591m. This is a reflection of North Sea field development expenditures already committed before Exxon announced that it would seek a worldwide spending cutback of 27 per cent below 1985's levels.

But Esso is likely to cut back on the exploration element in its spending budget, although the company would not specify the extent of any cuts in North Sea exploration drilling.

Esso once again refused to reveal how much money it made selling petrol and other oil products in the UK. The UK's other main retailers such as Shell and BP have no such reservations, but Esso, the UK's largest seller of petroleum products, claimed once again that to reveal its profits in this area would damage its competitive position.

The company did volunteer that its profit margins in products sales improved in the last quarter of 1985 and again in the first quarter of the current year, but it refused to specify the size of its profit margins. Last week the Government again called on the oil companies to reduce their petrol prices.

Mr Bob Lintott, Esso's marketing chief, said yesterday that it seemed that demand for oil products would improve as the price fell. But Mr Archie Forster, Esso's chairman, said that the fall in crude oil prices was causing Esso to reassess the feasibility of future North Sea projects.

Mr Forster added that Esso was keen to see a new offshore licensing round from the Government, despite the recent oil price collapse. "We need an exploration acreage bank, just as property company needs a land bank," he said.

It seems likely that the Government will later this month announce plans to hold a tenth offshore oil and gas licensing round. Mr Forster said that Esso would prefer to see a cash auction element in the round. But this attitude is not to be found among the smaller oil companies without Esso's financial muscle.

Utilities in private hands should give price cuts, says minister

BY HAZEL DUFFY

THE GOVERNMENT expects the consumer to be paying less for the services of utilities when these are privatised than under public ownership.

Mr John Moore, Financial Secretary to the Treasury, told a conference on privatisation yesterday that business and economic efficiency had increased in those companies which had already been privatised.

"All of these companies had been to one degree or another, in a competitive market environment." For the utilities, such as the water industry, this will not be the case, but the regulatory regimes being designed for them will ensure "that there is pressure on the companies to supply their services more efficiently and to pass on these efficiency gains to their customers."

Mr Moore claimed other successes in the privatisation programme so far, as well as greater efficiency. "We have created a climate which has succeeded in concentrating people's minds – ministers and managers – on commercial realities. Preparing an industry for privatisation drives into the open issues which, over the years, have all too often been fudged," he said.

He explained that the Government's first preference in preparing for a sale is generally a UK public offer with guaranteed participation by employees and the general public.

It this is not possible, a sale leading to employees holding a major stake "is often the next best alternative but, again, before deciding this, it is important to judge where employees' and other best interests lie. For example, some companies which we sell may need the shelter of a large company if they are to thrive ... Maximising proceeds is never the sole criterion that we pursue."

Mr Moore defended the Government's decision to make some shares in certain companies available overseas on the grounds that it had been thought necessary sometimes to stimulate demand, there might be insufficient capacity in London, or the creation of an international market in a company's shares might give it access to cheaper capital.

British launch for Polo-based van

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ATTACK on the UK market for car-derived vans by Volkswagen of West Germany is given new impetus today with the launch of a van based on the Polo.

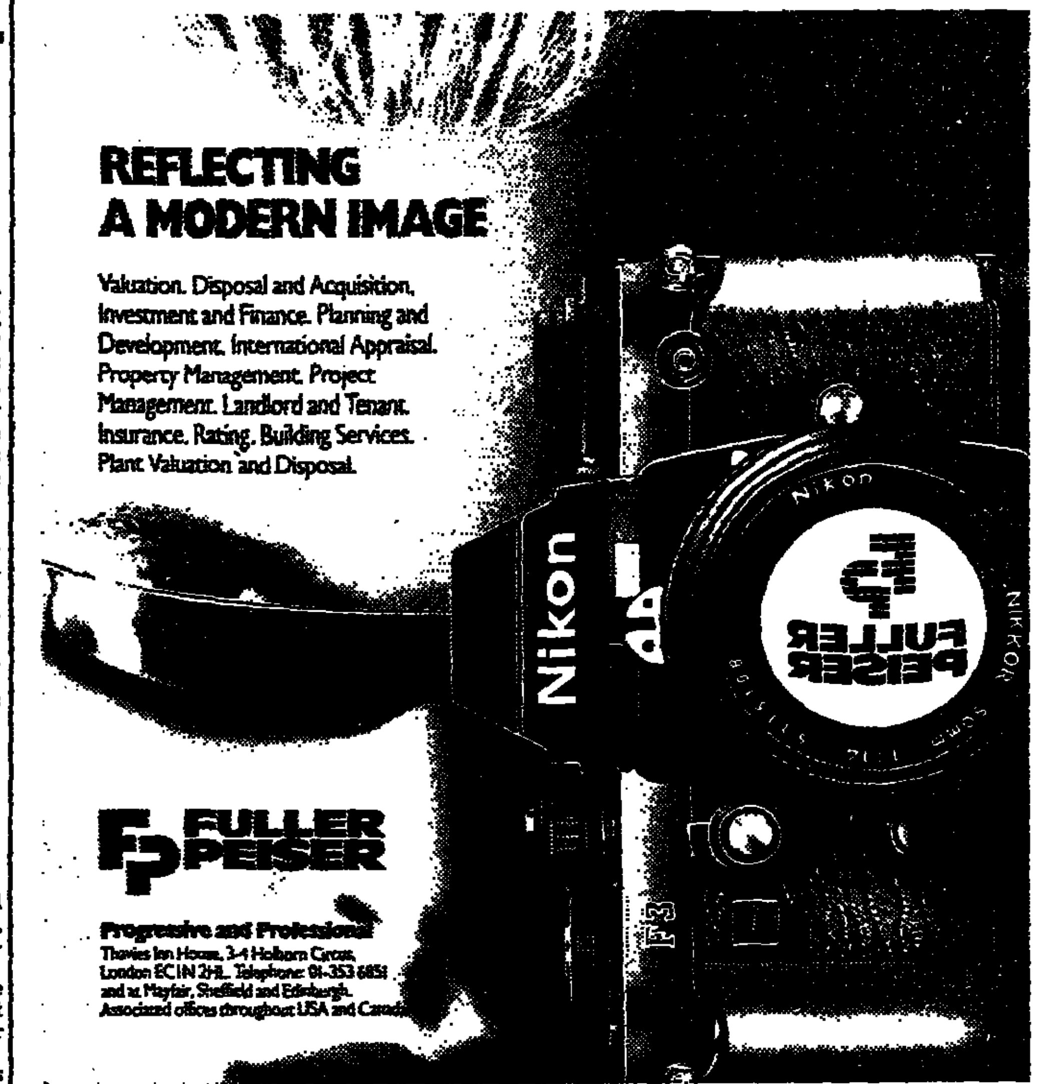
The importer, VAG (United Kingdom), part of the Lonrho group, last year raised its share of the light van sector from under 1 per cent to 2.5 per cent with the introduction of the Caddy, a small pick-up truck based on the old-style Golf and assembled in Yugoslavia. Some 1,880 Caddys were registered in the UK last year, along with 600 Golf vans.

VAG expects to add 500 Polo van sales to the total during the rest of 1986 and suggests registrations next year might be about 700, depending on whether the West German factory can supply them.

The UK light van market leader is Ford, which finished last year with a 31 per cent share of the 98,700 vehicles registered, followed by BL's Austin Rover subsidiary, 22.2 per cent, and General Motors-Bedford, 19.9 per cent.

Peugeot-Citroën-Talbot of France has also been building market share, which it increased from 4 per cent to 5.5 per cent last year.

VAG says the Polo, which is priced at £4,518, including VAT, has a payload of 365 kg (970 lbs) and a 14.5 sq ft load area.



هكذا من الأجل

TECHNOLOGY

How costs could be cut at a stroke

Ian Hamilton Fazey on the public sector's failure to keep pace with the rapid advances in paint technology

MILLIONS of pounds of public money is being wasted because UK Government departments and nationalised industries have not kept pace with changes in the technology of the paint industry. Despite wide use in the private sector, this new technology is officially untested and therefore not approved for public sector user.

In one case the painting bill for a public structure in a city centre was £442,750 more than it should have been because—under Government regulations—old, "low-tech" paint had to be used in preference to a cheaper modern coating system that was also better technically.

At the heart of the problem is a change in the technological status of paint. From being a universally mundane product that almost anyone could make on a "stick and bucket" basis, modern paints comprise a variety of high technology polymers with properties superior to anything produced before.

They may cost more to make and buy, but much less paint is needed, so that total materials costs are lower. Moreover, since it takes less time to do a job, ancillary costs are lower too. These might include down-time while painting is under way, restricted access to areas affected, or even the cost to the public purse of managing and *policing traffic diversions if a* public structure were involved.

The situation is worrying leading paint companies but they are wary of speaking out in case they offend Whitehall decision-makers who give them millions of pounds' worth of business.

The paintmakers' main concern is that some *protective* painting systems specified for use in the public sector are now many years out of date and over-costly. But there is no Government money to test *new paint technology* and change specifications. This means that new paints cannot even be considered.

Moreover, since new paints take several years to develop, *and at great cost, the paint*makers are reluctant to submit trade secrets for such testing because "approved" specifications would then be published so that competitive tenders *could be obtained for jobs.* This would reveal all to low-tech competitors, who could then use Government-published specifications to get into markets cheaply.

In "stick and bucket" days the use of published specifications for public sector painting jobs was perfectly fair. Government standards and specifications ensured quality control of low-tech paints. In addition, they gave low-tech, often small, companies the chance to compete equally with the giants while shutting out "cowboy" contractors.

What leading paintmakers want is a fairer system for tendering that takes total costs into account and makes the paint supplier responsible for quality control and performance.

Although few will give examples of how the present system wastes millions of pounds of public funds, International Paint reluctantly revealed what happened with one job it lost.

The project involved the painting of a vast array of structural steelwork. The job was for a nationalised industry and involved a city centre structure. The steelwork had to arrive on site prepainted in a fabrication shop and then be painted again after erection. Prepainting would protect from corrosion from the outset and there had to be enough paint to guard against site damage and accidents.

The standard specification was for five thin coats of paint to be applied in the fabrication shop, followed by two more thin coats on site. The paints all used alkyd resin systems and could be made by any competent paintmaker. The protective strength of the whole paint system derived from building up layer after layer to a total film thickness of 265 microns.

The paints involved averaged 79p per sq metre, but because there were seven coats it cost £7 per sq metre to apply them. With a painting area of 175,000 sq metres, total painting costs were £1,263,250.

International Paints' "high technology" alternative had only three coats, two to be applied in the fabrication shop and one on site. First on to the bare metal would go a 50-micron coat of proprietary zinc paint to inhibit rusting, followed by a 200-micron company product that would afford the main protection.

This thick layer would bond to the first coat and its own chemical structure would be almost knock-proof. Transportation, handling and erection damage would thus be minimal. Once up, the steelwork would get its final, 50-micron coating of one of International's tough urethane paints, which have high gloss and colour retention and are very resistant to weather and abrasion damage.

The cost of this high technology was apparent in the paint price—£1.65 per sq metre. This might seem prohibitive compared with the "low-tech" price of 79p but there were only three coats to apply, not seven. This meant that application costs would have been only £3.60 per sq metre, making a job total of £820,500.

The difference came to £442,750, but because there was no Government specification covering the painting system, the nationalised industry concerned could not use *International Paint as the supplier.*

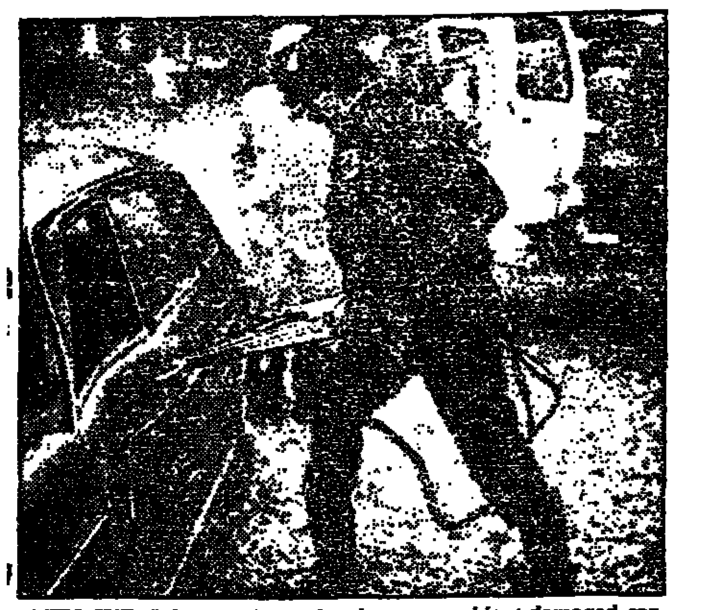
But that was only the minimum wasted. Other savings would have come from a gain in productivity at the steel fabricators—there were three less coats to apply—and that might have meant a lower price for the steelwork.

Midland Bank opts for an alternative to laser printers

IONOGRAPHIC PRINTING is used by Canadian-based National Business Systems in nine machines worth £3m ordered by Midland Bank in the UK on the basis of improved performance at lower cost in comparison with laser printers.

Ions (charged atoms) are generated and fired by an electric field through a page-wide series of very small holes to strike a rotating print cylinder. The output from each hole can be turned on and off very rapidly under computer control, building electrically charged areas on the cylinder surface in the shape of lines of characters, or graphics. Dry ink particles, applied to the drum, stick to the charged areas and are transferred to a paper web, into which they are fixed by cold pressure rollers.

The NBS system can print 125 A4 pages per minute and the company claims it is only *half the price of a competitive laser printer*. It is also much more compact and has a direct paper path to minimise jamming. Electronic addressing means the printed *material can be altered "on the fly."* A further advantage is that no heat is generated. In the UK, NBS is on 09323 51531.



THIS SWISS fireman is getting into an accident-damaged car at high speed by prising open the door with a hydraulically operated "spreader" with a span of 670 mm. It is one of a number of Enerpac tools carried on a "rapid intervention vehicle" operated by the Geneva fire department to cope more effectively with 600 incidents a year occurring in the area. Enerpac is in Geneva on 022 319405

Plessey takes weight out of anti-radar problem

BY GEOFFREY CHARLISH

PLESSEY MICROWAVE has developed a lightweight sheet material that can be bonded to the surfaces of an aircraft or ship to make it much more difficult for enemy radar to detect. The material reduces to a few per cent the microwave energy normally reflected back to an enemy radar station.

Such coatings have been available for some time but can add 300 lb to the total weight of an aircraft. By adopting a technically different approach, Plessey has been able to reduce the added weight to about 100 lb.

Cost for aircraft use is put by Mr Rex Lowin, managing director of Plessey Microwave, at "a few tens of thousands of pounds"—small in relation to the multi-million pound cost of a military aircraft.

Radar works by sending out microwave pulses that are reflected from the metallic surfaces of a plane or ship back to the transmitting dish. The time taken for them to return *and the bearing of the reflected* signal fixes the position of the incoming craft.

In battle, ships or planes with, say, a 10 per cent reflective covering can approach twice as close to the enemy radar without detection than they could with unprotected aluminium or steel surfaces that are nearly 100 per cent reflective.

Microwaves, like all radio waves, consist of a combination of magnetic and electric fields and the reduction of either at the surface will sharply reduce reflections. Previous materials says Mr Lowin, have concentrated on magnetic field removal but the iron-based (ferrite) materials used have been heavy.

The Plessey development, called ADRAM (advanced dielectric radio absorbent material), can be made from various plastics loaded with an undisclosed material, and has the effect of removing most of the electric, rather than the magnetic field at certain radar frequencies. The incoming microwave energy is absorbed into the surface and becomes a small amount of heat instead of being reflected back to the radar station.

Mr Lowin believes that coating to defeat radar will prove superior to the second approach of this so called "stealth" technology. This alternative reduces the area that the aircraft presents, which also reduces the strength of the reflected signals. Such methods he says, are likely to be countered by geographically separating the ground radar transmitting and receiving stations, so that the frontal cross section offered by the aircraft will be less important.

At sea, ships covered with ADRAM will present a much reduced radar image to incoming missiles such as Exocet. This means that when the ship launches "chaff" from bow and stern the artificial radar targets provided by the metallic strips will seem that much stronger and the missile is more likely to be diverted. Plessey Microwave is in Towcester, Northamptonshire on 0327 52828.

WORTH WATCHING

EDITED BY GEOFF CHARLISH

PLASTER ALTERNATIVES for dentists are announced by Mining and Chemical Products of Wembley, UK.

Plaster of Paris is far from ideal for mould making, being somewhat messy, difficult to store and mix, and prone to chipping after drying, which can be a lengthy process.

MCP has developed a bismuth-based non-toxic alloy which melts quickly over a simple bench burner and forms a casting with metallic properties that will not chip or break without considerable mistreatment. After use, the casting can be melted for re-use. More on 01-902 1191.

SPEECH RECOGNITION and artificial intelligence have been united in a system from Intellect Software International which allows a user to ask an IBM mainframe for information by speaking into a microphone.

The voice interface is a Kurzweil KV3000 speech recognition system, which plugs into an IBM personal computer model XT and can recognise 1,000 words. The PC is connected to the mainframe via a suitable board. Intellect software provides the "intelligence" and is able to interpret instructions phrased in English.

PRODUCTION LINE faults on Volvo vehicle lines in Gothenburg, Sweden, are being detected and analysed in a quarter of the time using Organiser hand-held computers from UK company Psion.

Defects used to be reported on "control cards." Now, quality supervisors key in details from random checks made along the line and the data, stored in "chip" memory, is transmitted in 10 to 20 secs to an IBM personal computer over a cable.

EYE MOVEMENT is being used by Analytics of Willow Grove, Pennsylvania, in an experimental computer system that allows the user to look at an item on the screen and speak a command that will act on that item. For example, he might look at a segment of graphics, utter the word "blue," and the segment turns blue.

An infrared beam is trained on one eyeball. Once calibrated, *the computer* can monitor eyeball movement, and therefore direction of glance, by measuring the reflected movement of the beam. The company expects to have a *production model* in two years.

SEEDBEDS CAN be prepared and drilled in one pass using the CRS 32 unit from Falcon Agricultural Machinery, Great Haywood, Stafford, UK (0889 882701). The tractor-towed unit cultivates ploughed land, consolidates, drills and covers the seed in one go, without leaving wheel markings.

EUROPEAN INDUSTRY

Stefan Wagstyl looks at a survivor of the US metal mining shake-up

Cyprus Minerals on takeover trail

Cyprus Minerals' low-cost and profitable Bagdad copper mine

THE HASTY retreat of big oil groups out of US metal mining has left assets once worth billions of dollars scattered across North America.

Other companies are now picking over the abandoned ground, looking to acquire the mines and smelters their former owners no longer want.

One of the larger companies to emerge from the upheaval is Cyprus Minerals, which was last year given its independence by its parent Amoco (Standard Oil Indiana) in a free issue of shares to its own shareholders.

Cyprus, a copper, molybdenum, coal and industrial minerals company, has itself become a scavenger, making a couple of sizeable acquisitions in recent months and hoping to make a few more. Last year it bought coal mines in Utah, Colorado and Virginia. Earlier this year it acquired Sierrita, an Arizona copper and molybdenum mine, from Pennzoil, yet another oil group which had decided to pull out of metals.

Mr John Duncan, the chairman, says that Cyprus's best chances for expansion will come from acquisitions made as other companies continue to become disillusioned with mining.

The 65-year-old former chairman of St Joe Minerals, an important lead and zinc company, argues that one of the ways for US mining companies to survive is to shed their "big company" style and adopt a smaller, more flexible and more entrepreneurial approach. Cyprus gives him the chance to prove his point.

The Cyprus of today is a vastly different company from the group taken over in 1979 by Amoco for $669m. Amoco sold off a cement company, some steel fabricating companies and a stake in Cyprus Anvil, a Canadian lead and zinc group.

It took Cyprus into coal with acquisitions totalling $600m, invested $400m in developing Cyprus's molybdenum deposit at Thompson Creek, Idaho, just as molybdenum prices were soaring, and spent $100m modernising Bagdad, the biggest of Cyprus's three Arizona copper mines.

When metal prices collapsed after 1981, Amoco was quick to cut back—reducing spending and manpower heavily. In 1984 it decided to pull out of minerals almost entirely. The deciding factor was not the size of the losses—at $45m net in 1984 they were not unbearable for a company as large as Amoco. While the company was losing money in base metals, it was making profits in coal and industrial minerals.

But Amoco decided that it could never show an adequate return on its $1.8bn investment. So it looked for the best way out of the hole it had dug for itself. It considered keeping Cyprus on its books—closing down some parts of it and continuing to cut costs elsewhere. But this would have entailed a heavy write-off—similar to the $785m charge taken by Atlantic Richfield when it decided to close down or sell off the operations of Anaconda Minerals.

By giving Cyprus away to the shareholders, Amoco voided a write-off, and by recreating an independent company it passed on management responsibilities to someone else. Shareholders received one Cyprus share for every 10 in Amoco.

Of course, the paper write-off on the minerals assets still had to be made. The new Cyprus Minerals took a charge of $675.7m before tax in its 1985 results, making the net loss for the year $452m. The entire Thompson Creek investment was written down to zero. One New York analyst says: "It was a neat little trick by Amoco. At least it made things look better."

Mr Duncan says that Amoco shows the good and the bad of oil company involvement in mining. It was willing to make investments but not willing to foster the decentralised entrepreneurial style needed in the mining industry.

Amoco left Cyprus's finances in good order. The company generated $167m in cash flow last year and ended 1985 with a debt-equity ratio of just 16 per cent.

Excluding the write-off, Cyprus made a second-half profit of $32.2m, against a $70.5m loss for the same period in 1984, and is hoping for another improvement this year as the benefits of cost-cutting flow through to profits.

In metals, the profitable Bagdad copper mine is among the lowest-cost in the US, with costs below 60 cents a pound. other two loss-making copper mines have been closed down. But the acquisition of Sierrita, for an undisclosed sum, will more than double the group's copper output to nearly 200,000 tonnes a year, making it one of the largest US producers.

The Thompson Creek molybdenum mine, opened only in 1983, is due to close down in 1989, without a dramatic and unexpected improvement in prices.

French software groups seek more muscle

BY DAVID MARSH IN PARIS

A KEY role in France's dash along the high-technology road over the past 15 years has been played by a cluster of discreetly efficient companies with their chief product—by definition—invisible.

French software companies, supplying the instructions for the computers which control systems ranging from the Ariane space rocket to high street cash dispensers, are already the largest and highest-performing in their field outside the US.

After years of keeping a low profile, they are now starting to venture on to the public stage. Many of the companies—*Sociétés de Service et d'Ingenicurie Informatique* or SSIIs—were founded in the 1950s and 1960s as spin-offs or subsidiaries of large corporations.

They are now taking steps to open up their capital to the public through bourse flotations in order to strengthen their still generally fragile financial structure.

At the same time the SSIIs are stepping up acquisitions and joint ventures outside France to capitalise internationally on expertise built up on the home market.

Many SSIIs owe at least part of their growth to government-financed technology programmes spreading from weapons development to the national videotex system based on Minitel terminals given away free to telephone subscribers.

Public sector contracts are still important. But most SSIIs have managed to break away from over-dependence on government. The key to their success — eight of the top 12 software companies operating in Europe are from France, according to a survey by International Data Corporation (IDC) — probably lies in their relatively decentralised and close-knit management. However, the low level of profitability of France's SSIIs — which fell back sharply in the early 1980s as earnings were sacrificed for business growth—places the companies at a clear disadvantage in international competition with better capitalised groups from the US.

The best-known French software company, and by far the most profitable, is Cap Gemini Sogeti, the European leader in this field (excluding the software operations of IBM). In January it built up further its activities in the US by taking over the consultancy division of CGA Computer. The US now accounts for one-third of Cap Gemini's FFr 3bn ($407m) turnover, with another third coming from European sales outside France.

Cap Gemini was one of the most successful introductions on the *second marché* or unlisted section of the French stock market last year. A total of eight software and computer service companies are now quoted on the *second marché* in Paris and the provincial stock markets.

But the most eloquent illustration of the changing face of French software has come from Compagnie Generale d'Informatique. A medium-sized company with a turnover this year estimated at FFr 560m, CGI has become the country's leader in developing multi-user software packages for industry. It has traditionally been run with Swiss-style discretion from an anonymous Paris office block belonging to the French horticultural association.

CGI has just become the latest SSII to float shares on the *second marché*. The share issue was over-subscribed by a record 400 times, underlining the awakening interest in software of the French investment community. Mr Robert Mallet, the 61-year-old chairman who founded the group 35 years ago, says the flotation was necessary to adapt the company to changing needs. It wants to give present manager-shareholders the possibility to sell their equity stakes and to provide a means to financing further growth by acquisition.

LEADING EUROPEAN COMPUTER SERVICE GROUPS	European sales ($m)	World-wide sales ($m)
Cap Gemini Sogeti (Fr)	151.8	207.7
CISI (Fr)	138.7	172.7
SG-2 (Fr)	135.6	150.6
GSI (Fr)	132.0	135.9
Datev (W Ger)	109.9	109.9
Scicon Intl (UK)	105.9	138.3
Sema-Metra (Fr)	94.6	115.2
CCMC (Fr)	82.7	83.5

Source: International Data Corporation

CGI's top-selling Pacbase software package, designed for programming applications across a range of industrial and commercial computer systems, has been fully adapted over the last decade to the US market. With clients ranging from General Electric to the Prudential Insurance group, Pacbase now accounts for an important part of CGI's growth. A total of 24 per cent of turnover comes from abroad.

"We are a precursor of the company of tomorrow," says Mr Mallet. "The colossuses are dead." With 77 per cent of his 1,250 staff made up of managers, with an average age of 30, CGI has adopted, according to Mr Mallet, a Japanese style —"a concentration of brain-power, no class distinction between the engineers and the directors."

The wind of change has also been blowing through Sema-Metra, a software company set up by the Paribas financial group. After several years of losses it has now fought its way into the black, and made its entree on to the *second marché* last October.

The company provided the Control Data computer on which the Commissariat a l'Energie Atomique, the country's nuclear energy commission, worked out the calculations necessary to develop the French hydrogen bomb exploded in 1966.

Sema-Metra still relies on military activities for about 5 per cent of its turnover, expected to be about FFr 1.4bn this year (44 per cent of which is outside France). It has built a simulator for submarine development for the French Defence Ministery, and also is installing a sophisticated communications system for the West German army in liaison with German companies like Siemens and AEG.

But Sema-Metra has also moved into developing multi-user packages — where it bought a 27 per cent stake in the US company Intec in 1984 to build up its American activities in this field — and has built up expertise in remote control and surveillance systems for civilian purposes.

Mr Pierre Bonelli, the ex-Texas Instruments manager who took over as Sema-Metra chairman in 1977, says he wants to push Sema-Metra into becoming an "information services company," rather than one simply concerned with information technology.

Sema-Metra, Paribas and IBM's French subsidiary have just announced plans to set up a joint venture to market information services for business users. The aim is to profit from gradual deregulation of the French telecommunications industry.

Mr Bonelli also plans to integrate work in computer services with Sema-Metra's market research and opinion polling subsidiary Sofres. The two companies have already joined forces in setting up a system to enable viewers to give instant electronic judgments of politicians appearing on television. Mr Bonelli aims to build up a full-scale nationwide electronic polling network over the next five years, involving tens of millions of Minitel terminals, which would bring a new dimension into the already sophisticated business of French opinion polling.

With roughly 10 to 12 per cent of their shares now held by the public, however, both CGI and Sema-Metra now have to balance long-term strategy with short-term profit considerations.

CGI believes its net profits for the current year ending August will fall by up to FFr 5m from FFr 30m in 1984-85 as a result of losses at its US subsidiary, caused by the hiring of extra technical and sales staff last summer. The strengthening of its direct presence in the US is a key component of CGI's plans to increase Pacbase sales there in coming years.

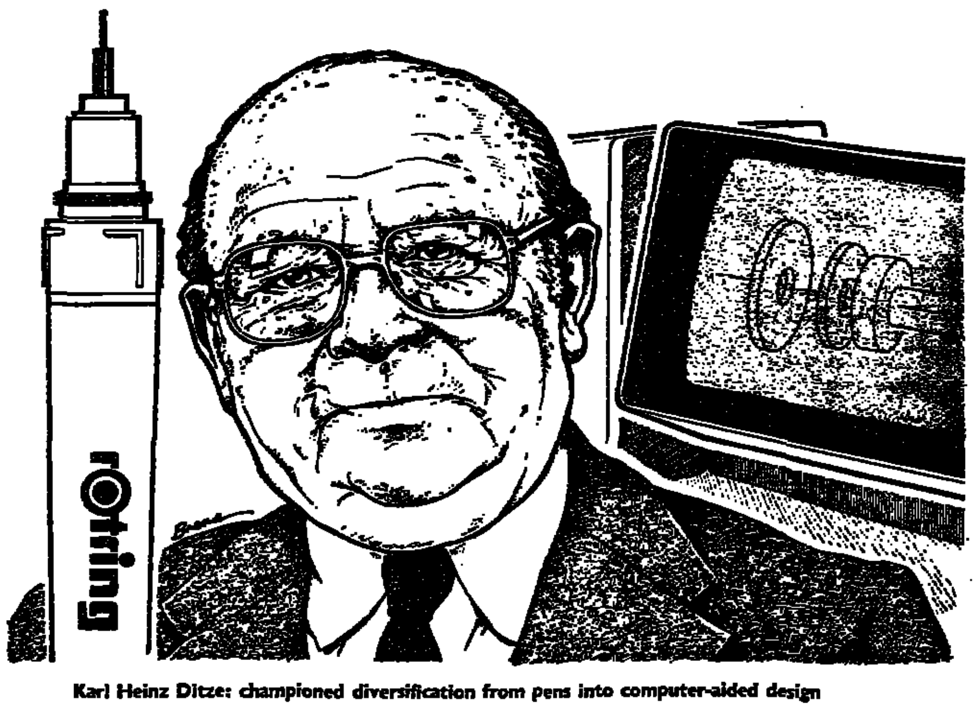
As for Sema-Metra, it forecasts a further increase in net profits to FFr 38m for 1986 from FFr 31.3m last year—registered on turnover more than twice the size of CGI's. Both companies now know that maintaining profits growth is vital, not only to keep their new shareholders happy but also to give them the muscle for future expansion.

THE MANAGEMENT PAGE

ANY ANALYST drawing up a list of businesses most likely to succeed in the rapidly growing Computer Aided Design (CAD) industry could be forgiven for not including a pen maker from West Germany.

But though CAD is supposed to be the preserve of electronics giants and thrusting *new software* houses a remarkable family-owned company in Hamburg is also making its mark. Spurred into action by the threat to its domination of the world market for technical drawing pens in the mid-1970s, Rotring has since developed and is now selling one of the cheapest CAD systems available.

Rotring's record DM 451m (£131.8m) turnover last year, about six times what it was in 1975, was admittedly boosted by dollar-denominated exports to the US. But it is difficult not to be impressed by the company's claim to have captured over the years 70 per cent of the DM 200m a year world market for technical drawing pens, and most notably perhaps 80 per cent of Japan's. The company now employs 3,000 people worldwide and sells 67 per cent of its production outside West Germany.



Karl Heinz Ditze: championed diversification from pens into computer-aided design

Drawing strength from a dynasty

In the second of a series on West German family companies, Peter Bruce examines Rotring's espousal of electronics

Corporate analysts who watch Rotring attribute much of its strength to the fact that, despite some outside shareholders, the group is very much in the best tradition of German family controlled businesses. Decisions, *sometimes radical* ones, can be taken quickly and profits are regularly ploughed back into the business.

Rotring began life in 1928 after a Hamburg fruit salesman, Wilhelm Riepe, came across a pen in the US which instead of using a conventional nib brought ink to paper through a tiny steel thread running through a minute *metal tube*. Riepe decided to make a better one and by 1935 was exporting it to 34 countries.

Riepe died in 1945, but not before he had brought his son-in-law, Erich Barthe, and an export specialist, Karl-Heinz Ditze, into the business as partners.

Ditze, now nearly 80, is still there and unquestionably in control. He runs the group along with two other partners, Erich Barthe's son Michael, responsible for marketing, and a trusted "outsider" Heinz-Jurgen Vogel, the finance director, who joined Rotring in 1975 and became a director (with a shareholding) last year. A fourth executive, Klaus Ziegenbein, also hired a year ago as technical and research and development director, is not a shareholder yet.

Rotring is controlled by the Riepe and Barthe families, but Ditze and Vogel have significant shareholdings.

With the benefit of hindsight, *however, Rotring has made mistakes*. In the late 1960s, short of cash and anxious to expand, the then Rotring management, with the approval of the other shareholders, decided to invite a German competitor, Pelikan, to take a 50 per cent stake. Besides the new capital, Ditze remembers, "We also closed out competition with Pelikan."

The partnership worked well for a while, but the Rotring shareholders and managers were soon to regret the move. Pelikan's management changed, and the new executives decided to take Pelikan to the stock market. Rotring, as Ditze politely puts it, found itself "coming under dividend pressure."

Pelikan collapsed four years ago with heavy bank debts. Soon after the collapse the original Rotring shareholders resumed control of their company; Pelikan has since been bought by a Swiss-led consortium.

Rotring also bought Pelikan's US subsidiary, Koh-i-Noor, a major manufacturer of pens *and other drawing equipment*, which complemented Rotring's growing product base, and Cosmolab, a Hanover-based supplier of raw materials to the European cosmetics industry. The Koh-i-Noor purchase helped Rotring take a two-thirds share of the US$30m a year US technical drawing pen market.

Rotring management will not say how much it cost to buy the group out of the Pelikan mess but says Vogel, "we didn't pay any more to get out than Pelikan paid to get in."

There are some family businesses in West Germany (such as Haniel, which will be featured later in this series) whose capital and management are strictly separated and where family members or other shareholders are simply not employed. The "separatists" believe this is the only way of avoiding clashes of personality, charges of favouritism, and outright nepotism.

Rotring, however, seems to have achieved an enviable balance. The circle of shareholders *is small and is involved* in all major corporate decisions. The links between shareholders and management are obviously close. And while executives have, according to Ditze, a great deal of freedom within their departments, all management decisions have to be taken unanimously. Ditze claims the group has never lost money.

The Pelikan episode has probably convinced the Rotring team, if it ever needed convincing, of the value of the company's independence. This was highlighted most vividly in the late 1970s when forecasters, perhaps a little breathlessly, began to predict that the world's architects and engineers would soon be turning in droves away from their old drawing boards and pens to electronic equipment and CAD. Ditze was worried that the major CAD producers could outgun him and poach his specialised clientele.

In the face of heavy opposition from Pelikan, Ditze managed to push through the purchase of another Hamburg family business, Aristo, which had some experience in producing simple numerically controlled plotters and other programmable drawing aids. By the end of the 1970s, still in the face of "dividend pressure," Rotring had developed its own programmable digitaliser which could be attached to a drawing board.

The Aristo purchase was a shrewd move — it gave Rotring its first access to electronics — but CAD was beyond even its expertise.

Luckily, perhaps, for Rotring the much heralded rush by *architects and engineers into* CAD did not materialise straight away. Having inherited a licence with Aristo, the company tried to market a US built CAD system in the early 1980s but only eight units were sold.

But by this time the group had found the technical expertise to enter the CAD market with original and specially tailored products in the form *of Klaus Ziegenbein, who is a* computer engineer. Ditze headhunted him from the Munich-based aerospace group, Messerschmitt-Bolkow-Blohm (MBB), and appointed him chief executive at Aristo and Rotring's senior technical director.

Ziegenbein's arrival has proved critical. Within three years he had found the right software house — Pafec, in Nottingham, England—and had delivered his new employers a DM 60,000 two dimensional CAD system, the RDS 40, and "a Rolls-Royce" three dimensional system, Eurocad, costing about DM 160,000 a unit.

Even though the world's architects and engineers have not totally abandoned pen and rule, Rotring is supplying a steadily growing market and has added two powerful new weapons to its established arsenal of pens, stencils, paints, boards, triangles, compasses and plotters. Some 380 RDS 40 and Eurocad units have been sold in the past two years and, says Ditze, most of the development costs have been paid for.

The pace of change at Rotring has inevitably left some *structural inconsistencies in its* wake. Ditze, for instance, has established a subsidiary to produce and sell the Eurocad while the RDS 40 and the group's other electronic products have stayed under the old Rotring or Aristo roofs.

Having got this far on their own, however, Ditze and his colleagues are unlikely to be seduced into going public by the heady level of equity values on Germany's stock markets. "We have," says Ditze, "a very good credit rating."

The first article in this series appeared on yesterday's leader page.

How dogma can undermine the democratic ideal

David Thomas on "alternative management"

IS THERE more than one way to run a railroad? Could there be two railroads, both running their trains on time, yet managed in quite different ways—one along traditional *hierarchical lines*, and the other democratically?

These questions are raised, though not quite answered, by the first book in an unusual new project; a series on management from a left-wing perspective.

The authors' assumptions would place them in a minority among people who think about management. They reckon that management is shaped by political and moral preferences: management is not a neutral art; nor is the theory of management a neutral science.

Armed with these assumptions, the study has to fight on two fronts: first, against mainstream views of management; second, against suspicions on the left of the very idea of management.

The bulk of the book is taken up with this second issue. The authors present a "doleful" (their word) account of the failure of a large number of alternative organisations, including workers' co-operatives, voluntary organisations and campaigning groups. The book starts with a roll-call of a hundred such groups which have collapsed in recent years.

There was the radical magazine that missed the chance of being distributed by W. H. Smith because it objected to having its copy checked by lawyers for potentially libellous statements; the workers' co-op which forgot about invoicing its *clients*; and the campaigning project which refused on principle to put its money into an interest-bearing account.

Through these unintentionally funny stories, the book sets out to rehabilitate the notion of management among the left. It identifies a number of dogmas that have prevented alternative organisations from functioning effectively.

● The market. Too many of these groups have ignored the market — whether customers, if they are trying to sell goods, or clients, if they are providing a

service like advice. Elementary techniques like market research are seen as suspect. The operating assumption is often that "the producers themselves know best."

Coupled with this ignorance of the market is a contempt for financial disciplines. Budgeting, credit control, accountancy, and financial planning are all given low priority. Doing the books is often the least popular job with the lowest status. The authors say this stems from the elitist attitudes held by the type of people attracted to alternative projects; it "is partly due to some very crude and irritating forms of cultural snobbery —such as the disdain of commerce and industry among the educated middle-classes."

The result of these anti-business prejudices "is eternal dependence on various forms of subsidy."

● Consensus decision-making. *Alternative groups are obsessed* by the way decisions are reached. Taking decisions by consensus is often a cardinal principle.

Inertia is frequently the consequence of this egalitarianism. Energy is wasted on trying to reconcile two different views of the way ahead. Clear policy options cannot be tried unless they command total support. Difficult issues are deferred in the hope that a consensus will eventually be reached.

● Skills. Perhaps the most radical expression of this egalitarianism is a disdain for the division of labour and the very notion that certain people have special skills.

Job rotation — all workers taking their turn at every job —is often the *favoured means* of escaping the division of labour. But this leads to a downplaying, or even a failure to recognise, the importance of certain skills.

As the authors write acidly: "It's far easier to move directors to take their turn making the tea, and quite another expecting the typists to take their turn doing the cash-flow projections."

● Management. An inability to understand the nature of management is one consequence of this dislike of specialisation.

"The left avoids the idea of management by calling people 'co-ordinators'—as if the skill of management was merely that of stopping people bumping *into each other,"* the authors write.

This means that management functions, like clarifying objectives and devising strategies to achieve them, go by the board: "The lack of strategic clarity can only be a recipe for disaster, as the history of failure in this sector over the past few years plainly demonstrates."

The book carries out an effective demolition job on some shibboleths of the left. What it fails to do is to argue through the idea, which the authors believe, that there is an alternative, non-hierarchical view of management which non-traditional groups could espouse.

True, the book contains hints of this alternative — making managers accountable to the workforce, decentralising decisions, putting greater stress on equal opportunities. Yet they are not fleshed out. The authors do not draw lessons from success stories in the type of organisations they have studied.

They do not tell us if there really is more than one way to run a railroad.

What a Way to Run a Railroad: An Analysis of Radical Failure, Charles Landry, David Morley, Russell Southwood and Patrick Wright, Comedia, £2.50.

SPINETTA MARENGO.

INTRODUCING THE FLUOROPOLYMER VALLEY.

MONTEFLUOS STAKES $ 60 MILLION IN FLUOROCHEMICALS.

As from today, the action for fluorochemical specialties is at Spinetta Marengo - just an hour's drive from Milan's Linate Airport. Here Montefluos has built a new chemical complex to satisfy world demand. From here it plans to meet the requirements of electronics, automotive, aerospace, telecom, nuclear and related fast-moving industries.

Montefluos' current successes in the fluorochemical field have led the company to invest over $ 60 million in this new venture.

It is a question of thinking big, building for the future and using all of the company's human and technical resources.

It was the same resources that made and maintained Montefluos a world leader in this field. From now on such brands as Fomblin, Tecnoflon and Algoflon will be produced at Spinetta Marengo.

This large and fully integrated complex has been designed around highly sophisticated proprietary technologies to provide maximum flexibility.

Spinetta Marengo is the biggest and most up-to-date European fluorochemical production centre and is fully equipped to meet all of the needs of end-users worldwide.

NEW TECHNOLOGIES, NEW ALGOFLON IMPROVEMENT.

A new Algoflon production unit comes on stream shortly having an initial capacity of over 4.000 tonnes p. a.

In addition to existing products, the new unit will supply new types of PTFE (including coagulated Algoflon DFC powders for the production of cable sheaths and piping, aqueous dispersions, filled powders and thermo-processable fluoroplastomers). The new Algoflon range is an end-user's dream: more extensive applications, higher productivity, lower processing costs giving equal or better quality end-products.

TECNOFLON: THE BIGGEST EUROPEAN FLUOROELASTOMER PRODUCTION FACILITY NOW READY FOR END-USERS WORLDWIDE.

Tecnoflon is already a highly successful fluoroelastomer and has an even more exciting future.

The new Tecnoflon production facility will come on stream with an initial capacity of 2.000 tonnes p. a.

It is a complete cycle facility ranging from polymerization to finishing with the built-in option of multiple production runs.

In addition to producing established products with an ever widening range, emphasis will be placed on new peroxide curable types. Flowability, speed of cure, easy mould release, low compression set and improved thermal and chemical resistance, these are the property combinations which have made Tecnoflon such a success today and which will be developed further in response to continuous industry feedback.

FOMBLIN - THE HIGHLIGHT OF MONTEFLUOS RESEARCH TAILORED FOR END-USER REQUIREMENTS.

Fomblin: a perfluorinated fluid having outstanding properties matching the increasingly sophisticated needs of advanced technologies in industries such as electronics, aerospace and nuclear.

Fomblin is a leading product in the technologically advanced economies of the US, Japan and Western Europe.

This product was specifically created to exceed the tight specifications of end-users. Thanks to its new production facility, Montefluos can now meet the ever-increasing demands both in quantities and new types. The Spinetta Marengo facility, in conjunction with the established fluoropolymer plants, including the new production unit at Chiba (Tokyo), will serve the global market.

PRODUCT RESEARCH AT MONTEFLUOS - A UNIQUE APPROACH.

At Spinetta Marengo, Montefluos has concentrated a team of 400 specialists all deeply involved in product research and applications. The team is equipped with the most modern and sophisticated systems for analysis, polymerization and simulation of even the most severe end-use conditions. Montefluos teams have one objective in view: to improve performance and cost-effectiveness.

Spinetta Marengo, Alessandria, Italy, is where all the new action is as far as fluoropolymers are concerned. And from there, reaching out worldwide.

The message is that if you are using or planning to use fluoropolymers, the name is Montefluos and the place is Spinetta Marengo.

The Fluoropolymer Valley.

MONTEDISON GROUP

MONTEFLUOS

ITALY
MONTEFLUOS S.p.A.
Via Principe Eugenio 1/5
20155 Milano (Italy) - Telephone:
(02) 63331 - Cables MONTEFLUOS MI
Telex: 310679 MONTED I PER
MONTEFLUOS

FRANCE
MONTEDISON FRANCE S. A.
Tour Franklin - Quartier Boieldieu
PUTEAUX (Hauts de Seine)
Cedex 11 - 92081 PARIS - La Defense
Tel. 4776116 - Telex MONTED 520232
Cable MONTEFRANCE PUTEAUX Paris

JAPAN
NIPPON MONTEDISON KK
Montedison Bldg. 1 - 3 - 2
Aobadai Meguro-Ku-TOKYO 153
Tel. 4620551
Telex GABBRO J 02 423851
Cable GABBRO-NIP Tokyo

UNITED STATES
MONTEDISON USA INC.
1114 Avenue of the Americas - NEW YORK,
N.Y. 10036 - Tel. (212) 7640260
Telex 223447-66312 MONTEDISON
Cable MONTEDISON N.Y.

UNITED KINGDOM
MONTEDISON (U.K.) LTD
7/8 Lygon Place - Ebury Street
LONDON SW1WOIR - Tel. 7303405
Telex 918743 MONTEDISON
Cable MONTEDISON London SW1

WEST GERMANY
MONTEDISON
(DEUTSCHLAND) G.m.b.H.
Postfach 5626 - Frankfurter Strasse
33 - 35 - D - 6236 ESCHBORN BEI
FRANKFURT
Tel. 492.0 - Telex MCH 4-18305
Cable MONTEDISON Frankfurt

WE WORK FOR YOU. WE WORK WITH YOU.

THE PROPERTY MARKET BY WILLIAM COCHRANE IN THE HAGUE

ICSC EUROPEAN CONFERENCE

The rise of speciality shopping

THE PHENOMENON of occupier power which has marked the office and industrial property markets has moved even nearer the money in the retail branch of the commercial property industry. This year it is the customer, not just the shopkeeper, who wields the big stick.

"The consumer is more confident, more articulate, more demanding than ever before," said Dennis Cassidy, chief executive of British Home Stores, in the Hague this week where he chaired a merchandising session at the 11th European conference of the International Council of Shopping Centres.

"Quality and value are now taken for granted," he said. "They are no longer key bases of retail competition." Today's consumers are concerned with health and health products; the individuals, and the connoisseurs have increased.

The question this poses, said Mr Cassidy, is whether developers will require retailers to carry the full burden of change or whether they will offer a better environment. "Developments like the Lanes at Carlisle, the Marlowe Arcade at Canterbury and Central Milton Keynes are exceptions in the UK," he maintained.

Biting the bullet

He forebore to point out that the Lanes was developed by Carlisle City Council, the Marlowe Arcade by "the Pru" and Milton Keynes by its own development corporation. However, Ron Gammie, senior partner of Donaldsons, bit on the bullet for the property industry.

"Specialist shopping centres are difficult, take time, energy and money to get right and funds view their development with suspicion," he admitted. "They need concentrated management and concentrated promotion." Donaldsons, of course, takes a lot of the credit for the success of London's Covent Garden speciality retailing, and some of the criticism directed at the newer Waverley Market centre in Edinburgh.

"But if you get it right," says Mr Gammie, "you will have something which occupies a very special place in the retail hierarchy."

The practical pros and cons form part of a book, "Speciality Shopping Centre" produced jointly in parallel with the conference by Jones Lang Wootton and D. I. Design and Development Consultants of Toronto, and London fame.

They say that two of America's speciality success stores is—Faneuil Hall, in Boston and Harborplace in Baltimore — had turnover of $362 and $459 per sq ft in 1983 against a median of $125 for regional centres in 1984.

Against that, they note, Covent Garden Market's overall rents rose by only 16 per cent between opening in 1980 and the first review for the majority of shop units in 1983, against which the national JLW index of shop rents in the period showed a 42 per cent gain.

"A larger increase is expected over the second review period," they said, "and this is expected to be above the comparable JLW Index increase of 20 per cent."

The Rouse Company, of Columbia in the US, gets a lot of the credit worldwide for the good things in speciality retailing. It has tackled appalling problems of urban decay in the US, gaining a reputation for style, elegance, sensitivity — and making money.

Financing

"Faneuil Hall has been more successful than we ever dreamed," said its vice president and treasurer, Jeffrey Donohue at last Monday's financing session.

But the pudding had to be proved more than once. With the Gallery in Philadelphia, "everybody thought all the good retailing was eight or ten blocks to the west."

Harborplace was "not universally embraced. In fact," said Mr Donohue, "a voter-referendum was required before it could be built." Now it is a different story. "Sales this year are over $500 a foot, making Baltimore our best project apart from South Street Seaport in New York."

Ron Gammie had defined speciality centres as: modest in size, say 5,000 to 100,000 sq ft in Europe; housing independents rather than multiple retailers; with no large stores as anchors; concentrating on one type of goods, or a wide range of specialised goods; heavy on catering which would occupy up to 25 per cent of the space; with much need of promotion; and a lot of individuality.

This, said Mr Donohue violates all the rules for successful retail development, along with the fact that most of the sites offered for specialist retail development are in no-one's "top ten" to begin with.

He offered a prescription for the prospective developer:

- Go to a lender who knows retailing, "very, very well;"
- Find a lender who believes in your company and its ability;
- the lender should ideally be a local institution;
- the developer should get significant public money for the project;
- the money would be attracted by models of the project with great detail, allowing the sophisticated lender to become a part of it;
- there should be site visits;
- ten-year income projections;
- tenant mix and merchandising concepts;
- detailed cost estimates;
- proof of the borrower's financial strength; and
- the borrower should be able to convince the lender that the project is something special.

Maybe the borrower should avoid, in this context, widespread American claims that TV soaps and series like "Dynasty" and "Miami Vice" are affecting the mores of a nation, and particularly its consumer preferences.

ICSC award for the Pru

ALREADY HONOURED by the British Council of Shopping Centres, the Prudential Assurance Company came away from The Hague with the 1986 award for European shopping centre design in the refurbishment category.

Its rehabilitation of the Doncaster Arndale brought light, colour and better circulation into what is now the Frenchgate Centre, focussing on a glass vaulted atrium which is probably the largest aluminium arched single span glass vault in Europe.

The small centre award went to Laerdal Eiendom of Norway, owners and developers of the Breitorget speciality centre in Stavanger, for a delightful square of 13 typical old Stavanger houses built in the period 1823 to 1916.

The developers retained and refurbished the houses and covered the central square with glass, producing just under 20,000 sq ft of shopping in a very unlikely location.

Finally, a certificate of merit in the large centre category was granted to the Banque Privée de Gestion Financière, Paris, and Gerec, owners and developers of the "La Rotonde" centre in Bethune, France.

This turned a mollusc-shaped, almost circular railway repair shed into a hypermarket anchored centre.

The impact of leisure parks on retail centre economics

VISITORS to the West Edmonton Mall in Alberta, Canada either come away imbued with the wonder of it all—or they wonder if a 4m sq ft shopping centre, incorporating 394,000 sq ft of a "Fantasyland" funpark, can make either commercial or financial sense in a city of 650,000.

"It ought to be a white elephant," says Ron McCarthy, vice president of Forrec Construction of Toronto which was responsible for the design and development of all leisure facilities at West Edmonton, and at the widely praised Woodbine Centre in Toronto.

"It isn't," he declares. "Shoppers come from Calgary, Vancouver, the prairies, the Arctic and the US. They even charter planes for the trip. West Edmonton measures its trading area in thousands of miles and keeps shoppers for two or three days.

"The fully fledged fantasy mall has been like dropping an atom bomb into the market place," he says. Phase one, 50,000 sq ft, went from conception to opening in six months in 1983; phase two was an 80,000 sq ft teenager element including a 142-foot high triple looping coaster—a "white knuckle" ride of the genre which gained fame and acclaim until analysts calculated the real extent of the macho market, and what insurance would cost.

The latest addition is a 35,000 sq ft phase 3 with submarine ride, dolphin pool and a replica of Columbus's "Santa Maria"; and phase 4 will be a waterpark of 215,000 sq ft incorporating a 50,000 sq ft wave pool with 8-ft-high waves for surfing, water slides and tube rides.

Woodbine, regarded as more sensible by UK observers, has a 45,000 sq ft leisurepark costing $7½m in a $92m, 876,000 sq ft mall. But while McCarthy concedes that smaller leisure elements make more economic sense, he is now aiming for 156,000 sq ft of leisure in the Hollywood Centre in Beverley Hills, California.

This centre will have a working model of King Kong on the Empire State building; a replica of the "African Queen"; a "Wild West," a candy factory, 20,000 Leagues Under the Sea, a space ship, a haunted castle and an old circus.

Some of this, he promises, will be exported to a European and particularly UK market which is sitting up and begging for leisure input at the moment. He says it will be a powerful weapon against electronic and mail order shopping, the former of which was looking like an ugly threat, long term, at this time last year.

* * *

Charles Wesoky, of AMC Entertainment (UK), came on at short notice to tell ICSC delegates that its UK pioneering multiplex cinema at the Point, Milton Keynes, had all 10 screens operating to capacity last week with children on their school holidays.

"Cinemas haven't seen attendances like that for many, many years," he said. In the US, AMC put in its first fourplex in 1965, its first sixplex in 1967.

Typically, said Mr Wesoky, a ten screen multiplex can do 1.2m admission at low cost, 95p to £1.95 at Milton Keynes. "Shopping business and show business are a great combination."

* * *

Anthony Gaynor, managing director of Cultural Resource Management of York, told of making a paying attraction from the developer's nightmare—archeological remains—in the Jorvik Viking Centre at Coppergate, York.

"The average archeological museum," he said, "has glass cabinets, labels and acres of boring text." Mr Gaynor constructed what he describes as an 85 by 45 metre concrete box at a very high cost of £1,500 a square metre, put representations of real people, real life into it and carries visitors 'round in specially constructed cars.

The centre has a symbiotic relationship with the shopping, he said. "They trade off each other; shopping is a strong draw before Christmas and at the January sales, the centre during the summer holidays."

Appointments

Exhibitions

Company Notices

FREE STATE CONSOLIDATED GOLD MINES LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 05/28210/06

INTERIM DIVIDEND No. 62

On April 17 1986 dividend No. 62 of 160 cents per share, being the interim dividend in respect of the year ending September 30 1986 was declared in South African currency, payable on June 13 1986 to members registered in the books of the company at the close of business on May 9 1986, and to persons presenting coupon No. 1 marked "South Africa," detached from share warrants to bearer.

The transfer registers and registers of members will be closed from May 10 to 23 1986, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 12 1986. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 12 1986, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 9 1986.

Holders of share warrants to bearer are notified that the dividend is payable on or after June 13 1986, upon presentation of coupon No. 1 (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich, Switzerland; Credit du Nord, 6 and 8 boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa" may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. Bull
Senior Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)
London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 18 1986

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06

FINAL DIVIDEND No. 15

On April 17 1986 dividend No. 15 of 47.5 cents a share, being the final dividend in respect of the year ended March 31 1986, was declared in South African currency payable on June 13 1986 to members registered in the books of the company at the close of business on May 9 1986.

The transfer registers and registers of members will be closed from May 10 to 23 1986, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about June 12 1986. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on May 12 1986, of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before May 9 1986.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: H. E. Phillips
Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)
London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 18 1986

DOME PETROLEUM LIMITED
$ US 75.000.000
FLOATING RATE NOTES
DUE 1988

For the six months, April 9, 1986 to October 8, 1986, the rate of interest has been fixed at 7 7/16 % P.A.

The interest due on October 9, 1986 against coupon nr 10 will be $ US 378,07 and has been computed on the actual number of days elapsed (183) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

ENTE NAZIONALE PER L'ENERGIA ELETRICA (ENEL)
$ US 400.000.000
FLOATING RATE DEBENTURES
DUE 1987

For the six months, April 9, 1986 to October 8, 1986, the rate of interest has been fixed at 7 7/16 % P.A.

The interest due on October 9, 1986 against coupon nr 13 will be $ US 189,04 and has been computed on the actual number of days elapsed (183) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

NATIONAL BANK OF CANADA
$ US 100.000.000
FLOATING RATE DEPOSIT NOTES
DUE APRIL 1995

For the three months, April 7, 1986 to July 6, 1986, the rate of interest has been fixed at 7 11/16 % P.A.

The interest due on July 7, 1986 against coupon nr 5 will be $ US 194,32 and has been computed on the actual number of days elapsed (91) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

CREDIT LYONNAIS
US$50,000,000 — Floating Rate Notes due 1988

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from April 17, 1986 to October 17, 1986 (183 days), the Notes will carry an interest rate of 6 15/16 per cent per annum.

The Coupon amount per US$10,000 will be US$352.66.

BANQUE INTERNATIONALE A LUXEMBOURG
SOCIETE ANONYME
Fiscal Agent

BRASCAN LIMITED CLASS 'C'
International Depositary Receipt (IDR) issued by
Morgan Guaranty Trust Company of New York
Brussels Office

Notice is hereby given to the holders that as of April 21, 1986 coupons numbered 1 to 11 of international depositary receipts of Brascan Limited (formerly payable in US dollars) will be payable in Canadian dollars. Consequently all coupons NBR 1 and following will now be payable in Canadian dollars.

For information please contact:
Morgan Guaranty Trust Company of New York
35 Avenue des Arts - 1040 Bruxelles
(Corporate IDR)

Legal Notices

IN THE MATTER OF
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
KEITH DAVID GOODMAN, FCA
of 30 Eastbourne Terrace,
London W2 6LF
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 10th day of April, 1986.
K. D. GOODMAN, Liquidator

Registered in England No: 1670720
IN THE MATTER OF THE COMPANIES ACT 1985
AND IN THE MATTER OF
PANAVEIW INSULATIONS LIMITED
PANAVIEW INSULATIONS

Registered Office: 4, Charterhouse Square, London, EC1M 6EN
Business Address: Unit 1 & 2 Eldon Way, Langford Road, Biggleswade, Beds.
NOTICE IS HEREBY GIVEN pursuant to Section 588 (2) (a) of the Companies Act 1985 that a Meeting of the Creditors of the above-named Company will be held at
4 Charterhouse Square,
London EC1
on 30th April 1986 at 12.00 noon for the purpose mentioned in Section 588(3) et seq of the said Act.
Dated this 9th day of April 1986.
By Order of the Board
C. M. RILEY,
Director.

APPOINTMENTS

Managing director at Cementation

CEMENTATION PILING & FOUNDATIONS has made a number of senior appointments. Mr John Oldham has become managing director. He was formerly joint deputy managing director of associate company Cementation Construction, the UK civil engineering arm of the Trafalgar House Group. Providing management back-up to support CP&F's global activities are assistant managing directors, Mr Peter Thornton and Mr Trevor Philpot. Mr Thornton will be responsible for business development and securing new work, while Mr Philpot will handle production and field operations. Mr A. J. Gormley has been made a director. Mr Gormley remains managing director of Cementation specialist stores and workshops based on Doncaster.

★

Mr J. L. Leigh is appointed an associate director of C. E. HEATH & CO (NORTH AMERICA) from May 6.

★

Five directors have been appointed to the board of HENDERSON UNIT TRUST MANAGEMENT: Ms Anne J. Barrowclough, Mr D. J. Blyfield, Mr J. C. Lane, Mr R. N. Legge and Mr D. Payne.

★

Mr Andrew Gibson has been appointed financial director and company secretary to the board of PROFESSIONAL ADVISERS COST ENGINEERING (PACE). He joins PACE from Carter and Co, where he has been a partner since 1982.

★

Mr Robin Atkins has been appointed chairman of RILEY ADVERTISING, the recruitment division of the Rex Stewart Group. He succeeds Mr John Hunt, the Rex Stewart Group chief executive, who becomes deputy chairman. Also appointed board directors of Riley are Mr Peter Phillips, Mr David Green, Ms Ann Pearson and Ms Rosemary Eit.

★

Mr David Hillyard has been appointed finance and business development director of JAMES BURROUGH. He joins the board from Debenhams where he was managing director, finance and planning.

★

Following the annual meeting of the INSTITUTE OF ACTUARIES on June 30, the institute's officers will be: Mr M. H. Field, president, Mr R. B. Colbran, Mr R. D. Corley, Mr L. J. Martin and Mr I. L. Rushton vice presidents. Mr T. G. Arthur becomes treasurer. Mr N. H. Taylor and Mr P. E. Felton are made honorary secretaries.

★

OBEROI HOTELS INTERNATIONAL has appointed Ms Maggi Niven as director sales, UK and Europe. She was previously sales manager for the UK.

★

Mr Olaf Lambert, director-general of the AUTOMOBILE ASSOCIATION since 1977, is to retire in 16 months' time. His successor as director-general will be the present managing director, Mr Simon Dyer, who will take up his appointment on August 1 1987.

★

Mr R. J. Harris, advertisement director of NORTHCLIFFE NEWSPAPERS, is to retire at the end of 1986. His successor will be Mr E. P. Glynn, the present sales and marketing director of George Outram & Co.

★

Lord Butterworth has been appointed to the board of META-PRAXIS. He was vice chancellor of Warwick University.

★

Lord Northbourne has been appointed a regional director of the south east regional board of LLOYDS BANK. Lord Northbourne is chairman of Betteshanger Farms and chief executive of Kent Salads.

★

BLICK INTERNATIONAL, the parent company of the Blick International Group, has appointed Mr Ivor Watkins to the board. He will also continue in his role as sales director of Blick International Systems and Blick Communications.

★

BOWATER ZENITH WINDOWS has made the following board appointments: Mr Michael Rigby, formerly at UBM and ICI, becomes marketing director. Mr Graham Medcroft, formerly at William Press and Crittall Windows, is appointed personnel director. Mr John Ward, formerly with Bowater Halo, is made financial director, and Mr Chris Dix, formerly with Crosby Doors, production director.

★

ABBEY has appointed Mr Peter Barrington Meyer as a non-executive director. He was formerly a director of Montague & Meyer.

★

Mr John W. Mills has been appointed secretary of the ASSOCIATION OF BRITISH CONSORTIUM BANKS and will establish a permanent secretariat for the association in the City. Mr Mills recently retired from his appointment as manager, secretariat at Scandinavian Bank, one of the members of the association.

★

THE MOORGATE GROUP has appointed Mr Keith A. McGeoch as a director of Moorgate Product Development. For the past four years, he has been providing actuarial expertise to The Continuum Co.

★

HERITAGE HOUSEWARES has appointed Mr Peter Gorb as a non-executive director. Mr Gorb is director of the design management unit at the London Business School.

★

TELESMART DEVELOPMENTS has appointed Mr Richard Sizeland to the board as director of support services.

★

Mr Graham Lister has been appointed chief executive of the oil operations of HARGREAVES GROUP. He takes over from Mr Len Johnson who is retiring. Mr Lister has been deputy chief executive of oil operations since April 1 1985.

★

At THE ENGLISH AND NEW YORK TRUST, Mr W. H. Conroy has retired from the board and Mr R. A. B. Nicolle, a director of Kleinwort, Benson, has been appointed a director.

★

Mr David Carrell has been appointed personnel director of the financial services sector of THE BURTON GROUP. Mr Carrell was previously group personnel director of the Littlewoods Organisation.

Matthew Hall finance post

Mr Trevor West will join the board of MATTHEW HALL as group finance director on June 1. Mr West will be leaving the Trafalgar House Group at the end of May where he is deputy group finance director and a director of its construction and oil and gas divisions. Mr David King will become the director responsible for group corporate development the same date.

★

COUNTY BANK, NatWest's merchant banking subsidiary, has appointed Mr Keith G. White as regional director for its Birmingham operation. He was formerly with Causeway Capital.

★

Mr James Bragg has been appointed a director of WEBBER ELECTRO COMPONENTS. He is a partner in the firm of Bragg and Partners, the company's solicitors, and has been company secretary since its flotation.

★

RANSOMES & RAPIER has appointed Mr Anthony J. Dorey as sales director. He joins from York Trailer and Craven Tasker where he was group export sales director.

★

JAGUAR CARS has appointed Mr Roger G. Putnam as sales and marketing director. Mr Putnam, who is currently director of sales, is also appointed to the Jaguar Cars Ltd board and the executive management committee. He replaces Mr Neil Johnson, who has accepted a 30-month assignment as Commanding Officer of the 4th Battalion Royal Green Jackets commencing at the end of 1986. To ensure continuity, Mr Putnam will take up his new appointment on June 1. From then to the end of the year Mr Johnson will be responsible to him for a number of special projects, including a detailed review of Jaguar business prospects in the important Japanese market.

BASE LENDING RATES

Bank	Rate
ABN Bank	11 %
Allied Dunbar & Co.	11 %
Allied Irish Bank	11 %
American Express Bk.	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim	11 %
Bank Leumi (UK)	11 %
Bank Credit & Comm.	11 %
Bank of Cyprus	11 %
Bank of Ireland	11 %
Bank of India	11 %
Bank of Scotland	11 %
Banque Belge Ltd.	11 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
CL Bank Nederland	11 %
Canada Permanent	11 %
Cayzer Ltd.	11 %
Cedar Holdings	12 %
■ Charterhouse Japhet	11 %
Citibank NA	11 %
Citibank Savings	§11.95%
City Merchants Bank	11 %
Clydesdale Bank	11 %
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11 %
Consolidated Credits	11½%
Continental Trust Ltd.	11 %
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	12½%
Exeter Trust Ltd.	11½%
Financial & Gen. Sec.	11 %
First Nat. Fin. Corp.	12½%
First Nat. Sec. Ltd.	12½%
■ Robert Fleming & Co.	11 %
Robert Fraser & Ptrs.	12 %
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
■ Hambros Bank	11 %
Heritable & Gen. Trust	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	11 %
Hongkong & Shanghai	11 %
Johnson Matthey Bkrs.	11 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	11 %
Edward Manson & Co.	12 %
Meghraj & Sons Ltd.	11 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
Mount Credit Corp Ltd	11 %
National Bk. of Kuwait	11 %
National Girobank	11 %
National Westminster	11 %
Northern Bank Ltd.	11 %
Norwich Gen. Trust	11 %
PK Finans. Intl. (UK)	12½%
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11 %
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11 %
Royal Trust Co. Canada	11 %
Standard Chartered	11 %
Trustee Savings Bank	11 %
United Bank of Kuwait	11 %
United Mizrahi Bank	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw	11½%
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.03%. 1-month 7.38%. Top Tier—£25,000+ at 3 months notice 10.38%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 7½% gross.
¶ Mortgage base rate
§ Demand dep. 7.02%. Mortgage 12.26%.

هكذا من الأجمل

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
18	19	20	21	22	23	24

Music

LONDON

Philharmonia Orchestra conducted by Vladimir Ashkenazy. Beethoven. Royal Festival Hall (Mon). (928 3191).

Scottish Chamber Orchestra conducted by George Malcolm with Marisa Robles, harp and Susan Milan, flute. Mozart, de Falla and Rodrigo. Barbican Hall (Mon). (638 8891).

Royal Philharmonic Orchestra conducted by Sir Charles Groves with Mstislav Rostropovich, conductor and cello and Yehudi Menuhin, violin. Tchaikovsky, Beethoven and Brahms. Royal Festival Hall (Tue).

Academy of St. Martin-in-the-Fields conducted by Neville Mariner with Imogen Cooper and Anne Queffelec, pianos. Respighi, Mozart and Bizet. Royal Festival Hall (Wed).

London Symphony Orchestra conducted by Maurice Handford with Elisabeth Perry, violin and ladies of the London Choral Society. Elgar, Vaughan Williams, Britten and Holst. Barbican Hall (Wed).

Royal Philharmonic Orchestra conducted by Nicholas Cleabory with Malcolm Binns, piano. Dukas, Sibelius, Elgar, Ravel. Barbican Hall (Thur).

London Symphony Orchestra conducted by Richard Hickox with Yvonne Kenny, soprano, Ann Murray, mezzo soprano and Stephen Roberts, baritone. Mahler and Vaughan Williams. Royal Festival Hall (Thur).

PARIS

Ensemble Intercontemporain and Groupe Vocal de France conducted by Mauricio Kagel: Kagel – voices and ensemble (Mon). Théâtre de la Ville (4274 2277).

Ileana Cotrubas recital (Mon). Théâtre de l'Athenée (4742 6727).

Ensemble Orchestral de Paris conducted by Jerzy Maksymiuk, Eva Osinska, piano: Lutoslawski, Chopin, Mendelssohn (Tue). Salle Gaveau (4563 2030).

London Sinfonietta conducted by Antony Pay, Neil Jenkins, tenor: Rossini, Britten, Elgar, Tippett (Tue). TMP-Châtélét (4233 4444).

Orchèstre National de France, conducted by Vaclav Neumann: Mahler 7 (Wed). Theâtre des Champs Elysees (4723 4777).

Orchèstre de Paris conducted by Pierre Boulez. Orchèstre de Paris choir conducted by Athur Oldham: Ravel, Stravinsky (Wed, Thur). Salle Pleyel (4561 0630).

Ensemble Intercontemporain conducted by Jacques Mercier: Nono, Donatoni, Schoenberg, Eisler (Thur). Centre Georges Pompidou, Grande Salle (4261 5675).

ITALY

Milan: Teatro Alla Scala: Berg quartet. Haydn, Bartòk and Ravel (Mon). (80 91 26).

Rome: Teatro Olimpico (Piazza Gentile da Fabriano): Schubertiade with the soprano Elly Ameling, pianist Rudolf Jansen and Clarinettist Vincenzo Mariozzi (Wed). (39 33 04).

Rome: Auditorium in Via Della Conciliazione: Wolfgang Sawallisch conducting the soprano Margaret Price, mezzosoprano Hanna Schwarz, tenor Peter Schreier, baritone John Brocheler and Bass Matthias Holle in Bach's St Matthew passion (Mon and Tue). (6 54 10 44).

NETHERLANDS

The Ulster Orchestra conducted by Vernon Handly, with Emmy Verhey, violin. Sibelius, Bruch, Elgar. Mon in Heerlen, Stadsschouwburg (71 66 67), Tue in Rotterdam, Doelen (14 29 11).

Amsterdam, Concertgebouw. Händel's Samson performed by the Amsterdam Christian Oratorio Society, with the Netherlands Philharmonic and solists conducted by Martin Kamminga (Tue). Bernard Haitink conducting the Concertgebouw Orchestra, with Ashley Putnam, soprano, Jard van Nes, contralto, and the Concertgebouw choir under Arthur Oldham. Mahler (Wed, Thur). Recital Hall: Dmitri Ferschtman, cello, and Mila Baslawskaya, piano. Mendelssohn, Schnittke, Beethoven, De Falla (Tue). The Neues Zürcher Quartet. Haydn, Martin, Dvořak (Thur). (71 83 45).

Utrecht, Vredenburg. Traditional song from India performed by the Rupayan Sansthan group (Tue). Chansons from Catherine Sauvage (Wed). Recital Hall: The Schonberg Ensemble under Reinbert de Leeuw. Malipiero, Sciarrino, Clementi, Maderna, Rotta (Tue). (31 45 44).

Rotterdam, De Doelen. Recital Hall: Rien de Waal, piano. Beethoven, Mendelssohn, Chopin, Slothouwer, Liszt (Thur) (14 29 11).

The Hague, Congresgebouw. Netherlands Chamber Orchestra conducted by David Zinman, with Mischa Maisky, cello. Gluck, Haydn, Bartòk (Tue). (54 60 00).

Nijmegen, Vereeniging. Rudolf Buchbinder, piano. Beethoven, Chopin (Mon). Anne Haenen, mezzosoprano, accompanied by Gerard van Blerk. Poulenc, Mussorgsky (Tue). (22 11 00).

Eindhoven, Schouwburg. The Cherubini Quartet. Beethoven, Debussy, Schumann (Tue). (11 11 22).

VIENNA

Budapest Concert Orchestra and choir conducted by Guenther Theuring. Rapf, Liszt. Musikverein. (Mon).

Vienna String Sextet. Boccherini, Mozart, Korngold. Konzerthaus Mozart Saal (Tue).

Orf (State Broadcasting Corporation) orchestra conducted by Georg Alexander Albrecht. Beethoven. Musikverein (Thur).

Vienna Symphony Orchestra and Vienna Boys Choir conducted by Yehudi Menuhin with Alessandra Althoff, soprano, Franz Waechter, tenor, Manfred Hemm, bass, Rudolf Buchbinder, piano, Elmar Eisner, Horn. Mozart. Salieri. Konzerthaus. (Thur).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Marilyn Schmiege mezzosoprano, Rudolph Firkusny piano, Werner Klemperer narrator, New York Choral Artists directed by Joseph Flummerfelt. Martinu, Novak, Dvořák (Tue); Zubin Mehta conducting. Molter, Griffes, Hindemith, Berlioz (Thur). Lincoln Center (874 2424).

Emerson String Quartet (Alice Tully Hall) Borodin, Ives, Beethoven (Mon, Tue). Lincoln Center (362 1911).

Carnegie Hall: Alfred Brendel piano recital. All-Liszt programme (Mon); National Orchestra of New York. Alvaro Cassuto conducting. Janos Starker, cello. Copland, Dvořák, Prokofiev, Stravinsky (Tue). (247 7459).

Merkin Hall (Goodman House): Parnassus. Anthony Korf artistic director. Bach, Alfred Fissinger, Bernstein (Mon); Greitzer Ensemble. Clementi-Greitzer, Barber, Hindemith, Chihara (world premiere) (Tue mat); Clarion Concerts. Newell Jenkins director. Clementi, Banchieri, Rossini (Tue). 67th w. of Broadway (362 8719).

Yehudi Menuhin, who next week plays in London and conducts in Vienna

Bargemusic (Fulton Ferry Landing): Ik-Hwan Bae violin; David Golub, piano, Fred Sherry, cello. All-Beethoven programme (Thur). Brooklyn (624 4061).

WASHINGTON

National Symphony (Concert Hall): Jean-Pierre Rampal conducting, Jean-Yves Thibaudet, piano. Honegger, Liszt, Fauré, Beethoven (Tue); Jean-Pierre Rampal conductor/flutist. Salieri, Mozart (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestral Hall): Margaret Hillis conducting with Chicago Symphony Chorus. Rorem, Rachmaninov (Thur). (235 8111).

TOKYO

Prague Symphony Orchestra, conducted by Jiri Belohlavek. Smetana, Tchaikowsky, Dvořák. Kani Hoken Hall, U-Port, Gotanda. (Mon). (571 1136).

New Japan Symphony Orchestra, conductor: Kotaro Sato with New Nikkyo Chorus. Weber's Der Freischütz in concert version. Tokyo Bunka Kaikan. (Mon). (237 9990).

Jun Kanno (piano): Bach, Mozart, Beethoven, Chopin, Messiaen. Tokyo Bunka Kaikan Recital Hall (Tue). (571 1689).

Tokyo Symphony Orchestra conducted by Naoto Otomo; cello: Noboru Kamimura. Mendelssohn, Dvořák, Respighi. Tokyo Bunka Kaikan (Wed). (362 6764; 237 9990).

Traditional Japanese Instrumental recital: Kazuyo Oi, Shamisen, accompanying well-known traditional singers in concert of classical pieces mostly narrative and dramatic Ginza Gas Hall (next to Yamaha Music), Ginza. (Mon, 2.00pm, reservations not necessary.)

Opera and Ballet

PARIS

La Cenerentola. Donato Renzetti conducts the London Sinfonietta opera orchestra. TMP-Châtelet (4233 4444).

Emile Dubois group follows Mammame with a second programme equally choreographed by Jean-Claude Gallotta – Pandora et les Louves at the Théâtre de la Ville (4274 2277).

Salome, co-produced with the Zurich Opera, conducted by Kent Nagano with Edda Moser in the title role, alternates with Maurice Béjart's Soirée at the Paris Opéra (4266 5022).

ITALY

Rome: A new and elaborate production of Massenet's Herodiade directed by Antonio Calenda and conducted by Gianluigi Gelmetti, with a cast including Monserrat Caballe (Salomé), Juan Pons (Herod), Agnes Baltsa and José Carreras. (46 17 55).

Milan, Teatro alla Scala: Three ballets by Balanchine: Balletto Imperiale and Pas de Deux to music by Tchaikovsky, and The Prodigal Son to music by Prokofiev. (80 91 26).

Naples: Teatro San Carlo: Massenet's Don Quichotte conducted by Piero Faggioni and directed by Yan Pascal Tortelier. In the cast, Ruggiero Raimondi, Martha Senn and Michel Trempont. (41 82 66).

Trieste, Teatro Comunale Giuseppe Verdi: Un Ballo in Maschera directed by Alberto Fassini with Adelaide Negri, Ambra Vespasiani and Carlo Cossutta. (631 948).

Parma, Teatro Regio: Cavalleria Rusticana, with Elena Obraztsova and Angelo Marenzi, and I Pagliacci, conducted by Algis Suraitis and directed by Giorgio Belledi. (795 678).

Turin, Teatro Regio: Turandot conducted by Zoltan Pesko and directed by Grischa Asagaroff, with scenery by Josef Svoboda. Eva Marton, Yoko Watanabe Grimaldi, Nicola Martinucci and Alfredo Zanazzo. (548 000).

Venice, Teatro la Fenice: La Clemenza di Tito by Mozart conducted by Hans Vonk. Pier Luigi Pizzi directs. He also designed the scenery and costumes. The cast includes Margarita Zimmerman, Curtis Rayam, Adelina Scarabelli and Susanna Anselmi. (710 161).

VIENNA

Staatsoper: The Magic Flute conducted by Von Dohnanyi; Simon Boccanegra with Cotrubas; Manon; Maria Stuarda conducted by Fischer with Baltsa, Gruberova. (53 24/26 55).

Volksoper: Händel's Giustino; The Magic Flute conducted by Bauer-Theussl; Giselle; Weinberger's Schwanda der Dudelsackpfeiffer. (53 24/26 57).

NEW YORK

New York City Ballet (New York State): Still largely reliant on the repertory developed by George Balanchine, the company's month-long programme includes Mozartiana, Stars and Stripes and Donizetti Variations. Ends June 22. Lincoln Center (870 5570).

Metropolitan Opera (Opera House): The penultimate week of the season features Parsifal conducted by James Levine with Leonie Rysanek and Peter Hofmann; Don Carlo with Mara Zampieri; Sir Peter Hall's production of Carmen conducted by James Levine with Maria Ewing in the title role and Catherine Malfitano as Micaela; and L'Italiana in Algeri conducted by James Levine. Lincoln Center (362 6000).

NETHERLANDS

Amsterdam, Stadsschouwburg. The Netherlands Opera with the Italian section of the CIVIL warS by Philip Glass and Robert Wilson, directed by Robert Wilson. The Netherlands Philharmonic under Lucas Vis, and the Netherlands Chamber Choir conducted by Siebe Riedstra (Mon, Wed). (24 23 11).

The Nederlands Dans Theater with Jerome Robbins' Afternoon of a faun (Débussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janacek). Tue in Tilburg, Schouwburg (43 22 20), Wed in Enschede, Schouwburg (32 32 33), Thur in Utrecht, Schouwburg (31 02 41).

Arnhem, Schouwburg. Modern dance from the Stichting Dansproduktie (Thur). (42 27 41).

LONDON

Royal Opera, Covent Garden: More of the ubiquitous but promisingly cast Barbiere di Siviglia is joined by another box-office favourite. Les Contes d'Hoffmann returns, conducted by Charles Dutoit and with a line-up led by Neil Shicoff, Samuel Ramey and Luciana Serra. (240 1066).

English National Opera, Coliseum: The last performance of Joachim Herz's Parsifal shares the week with Moshinsky's exuberant Bartered Bride and the hapless restaging of The Merry Widow. (836 3161).

SPAIN

Barcelona, Norma stars Joan Sutherland, Doris Soffel, Jesus Pinto, Giorgio Surjan, conducted by Richard Bonynge, Gran Teatre del Liceu, Sant Pau 1. (318 92 77).

Madrid, La Sonnambula. Teatro de la Zarzuela, Jovellanos 4. (429 82 16).

Madrid, Ballet Nacional de España. Swan Lake – Act II, Pastoral Symphony by Beethoven and El Corsario. Teatro Monumental, Atocha 65. (239 40 14).

WEST GERMANY

Berlin, Deutsche Oper: Lucia di Lammermoor has Angela Denning, Salvatore Fisichella and William Murray. Die Soldaten, produced by Hans Neuenfels, returns with Catherine Gayer and Walton Grönroos. Elektra has fine interpretations by Helga Dernesch, Ute Vinzing, Marita Napier and Hans Beier. Also in the repertory: Zar und Zimmermann and Der Troubadour. The latter brings Raina Kabaivanska and Victor von Halem together. (34 381).

Hamburg, Staatsoper: Un ballo in maschera stars Rosalind Plowright, Franco Bonisolli and Bernd Weikl. Die Meistersinger von Nürnberg with Beatrice Niehoff, Bernd Weikl and Kurt Moll is an event of more than passing interest. Manon Lescaut is respectable with Rosalind Plowright and Franco Bonisolli. Also offered, Carmen and La Bohème. (351 151).

Frankfurt, Opera: La Bohème has Marion Vernette Moore as Mimi and Alejandro Ramirez as Rudolfo. Der Zigeunerbaron is conducted by Michael Luig. There was much praise for Das Rheingold when it opened. The cast includes Julia Juon, Anne Gjevang and Wolfgang Probst. (25 628).

Stuttgart, Württembergisches Staatstheater: Philip Glass opera Echnaton, composed for Stuttgart, is an Achim Freyer production. Countertenor Paul Esswood is outstanding in a cast of high standard. Martha, Loriot's first opera production, was received with acclaim when it premiered. Also, La Cenerentola and Idomeneo. (20 321).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800)

NETHERLANDS

Amstelveen, Cultureel Centrum. English Speaking Theatre of Amsterdam with Orton's Entertaining Mr Sloane directed by Grant Coburn (Wed). (45 94 44).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Rowan Atkinson (Shaftesbury): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom tyrannies. (379 5399)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Café Puccini (Wyndham's): Puccini compilation show by Robin Ray that deteriorates rapidly from a good idea – writers singing hits back at the maestro customer – to a routine potted biography with trying new lyrics and uneven singing. (836 3028)

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumbrils, rat stew and rolling heads. (930 4025).

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Celia (Fiona Shaw) threatened by Orlando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and, in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (628 8795).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased colibrettist Abe Burrows (930 8681).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

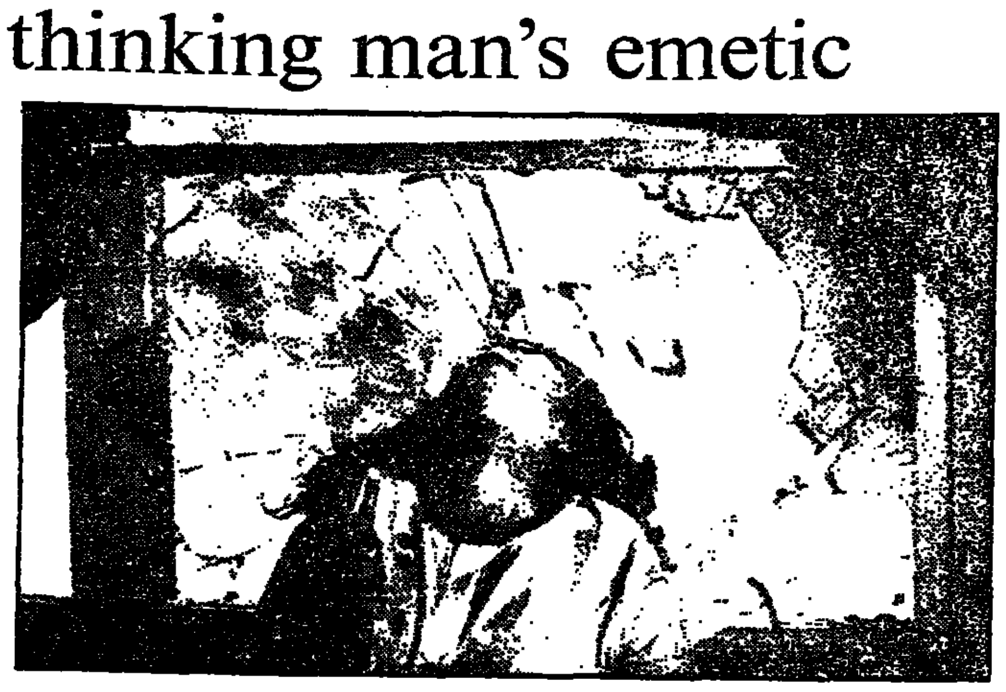
Continued on Page 23

THE ARTS

Cinema/Nigel Andrews

The thinking man's emetic

Creepers directed by Dario Argento
The Stuff directed by Larry Cohen
The Man With Two Brains directed by Carl Reiner
Volunteers directed by Nicholas Meyer
Mixed Blood directed by Paul Morrissey
Soviet Cinema



Scene from "Creepers"

"We have to keep the world safe for ice cream" . . . "I kinda like the sight of blood, but this is disgusting" . . . "It's pretty normal for insects to be slightly telepathic." . . .

Sometimes the collected dialogue from a week's new films sounds as if you have dialled into a party line in Hell.

Was it not Ibsen's Peer Gynt who said that the human soul was like an onion. Meaning that you could keep on peeling layer after layer before you got to the centre; and in the meantime, as also with onions, you would no doubt be visibly moved as you went along. Low-budget horror films can be like onions too: layer upon layer of lunacy unpeel before your eyes, and the arduous process is only lightened, if you are lucky, by occasional tears of hilarity.

Creepers is a preposterous shocker by the once reckonable Dario Argento, of *Suspiria*. From the opening scene of a nubile French girl entering a "deserted" Swiss house in the country ("Ees anywern home?") and insisting that she is a lost foreigner ("Please! Er'm a furriner and er'm lerst"), the audience can only marvel at the challenges being offered to its credulity.

The girl is duly done in, and soon afterwards we meet Professor Donald Pleasance, the afore-quoted expert on insect telepathy. Pleasance is confined to a wheelchair and is busy larva-dating rotting human heads (*sic*). He befriends the American heroine (Jennifer Connelly), a film star's daughter newly arrived in Geneva to attend the Richard Wagner International Girls School (*sic*), in whose grounds at midnight a homicidal maniac soon knocks off her room-mate.

Is it the same murderer? Pleasence lends Miss Connelly a fly who will go with her on a bus journey (*sic*) and sniff out the smell of decomposing human flesh, thereby tracing the killer. We must not forget that there is also a mental asylum, a mad lady teacher who keeps dismembered corpses in a pool in her basement, a deformed killer child and a chimpanzee wielding a razor. "It's a very unusual area," says someone: "People call it the Swiss Transylvania."

A very unusual film too: I would call it the thinking man's emetic. Bad acting, risible dubbing and a surfeit of mutilations are compounded by Sgr Argento's complete failure to rediscover the Gothic rhythms and anarchic poetry that made *Suspiria* so memorable.

Meanwhile, in America, there is the eponymous dessert featured in Larry Cohen's *The Stuff*. This crawls out of its container at night and goes gooey all over the fridge. It also takes over the minds and souls of its consumers, before eating away their insides; after which it vacates the premises in a manner you will not wish me to describe, especially if you are eating breakfast.

Can industrial spy Michael Moriarty, working for the ice cream companies who fear this new rival, seek the perpetrators and destroy the product?

The colourful Mr Cohen, whose films are not so much comics, more imaginatively prepared tripe (*It's Alive*, *Q The Winged Serpent*), sets the movie's early tone at satirical-going-on-slapstick and takes pot shots on the way at America's Food and Drug Administration, and what he considers their excessive tolerance of dubious standards and practices. (In the Press blurb Mr Cohen has some uncompromising things to say about bone chips and rat hairs in fast food products.)

But *The Stuff*, despite a flying start and a deciously scat performance from Moriarty — the voice scrambled quaver, the head smiling and bobbing with the crazed blandness of a ventriloquist's dummy — soon settles uncritically for exactly the B-movie shenanigans it begins by exploiting and lampooning. Chases, fights and boy-meets-girl romance routinely unspool, topped off by an action showdown in a mine. (Yes The "Stuff" comes out of the ground). The opportunity for a great black comedy is missed, give or take a few scenes of Special FX splendour when the Stuff runs riot like vast quantities of automotive yoghurt.

*

Carl Reiner's *The Man With Two Brains* begins as a parody and sustains itself as such: unambiguous, perfectly targeted and very funny. Here we encounter Steve Martin as Dr Hfuhruhurr (*sic*) and his brave, pioneering and deeply unpleasant experiments in cranial transplant.

Dr H has perfected the "screwtop" method for brain removal or insertion (with childproof press-down top), despite the rival research being conducted by Dr Necessiter (David Warner), he is determined to stay first in his field and is helped by falling in love with a female brain, voiced by Sissy Spacek, which lives in a jar in Dr N's laboratory. Can he wow science and find true happiness by implanting this brain into the beauteous shape of his wife (Kathleen Turner), whose gorgeous exterior hides a no-good soul? She abetted her first husband's fatal heart attack and would probably wish to do the same with Dr Hfuhruhurr etc.

Lit up by Martin's lightbulb eyes and seductively manic delivery, the film gleams merrily along with scarcely a pause for sanity or a flicker in its comic power outlay. Made some years ago—between two other Martin-Reiner collaborations, *Dead Men Don't Wear Plaid* and *All Of Me*—it has only previously been seen on video. Goodness knows why it was shelved so long. It only proves the old adage that some movies are too valuable to be entrusted to movie distributors.

*

Volunteers is the fitfully funny tale of a Kennedy-era Peace Corps platoon building a bridge in Thailand, and of the young college graduate with a gambling debt (Tom Hanks of *Splash* who emplanes with them to escape the wrath of the Mafia. As a picture of Uncle Sam's pre-Vietnam exploits in South-East Asia, it combines political nostalgia with National Lampoon-style knockabout and, despite vigorous stirring, never quite gets the two flavours to blend. Nicholas Meyer, of *Time After Time* and *The Day After*, wrote and directed. John Candy, of *Brewster's Millions*, co-stars.

Better this, however, than Paul Morrissey's latest film. *Mixed Blood* is like the ravings of a subculture junkie who has just injected himself with the complete works of Andy Warhol. A bunch of Warholian "beautiful people"—that is multi-ethnic layabouts who have crash-landed in the bottom of the American melting pot—yatter themselves (and us) senseless amid modest settings and with an even more modest script. The plot dimly concerns drugs and teenage crime, the performances are unyieldingly mega-decibel, and the accents flying often indecipherably about include Spanish, Italian and Lower East Side Manhattan.

Better to brush up your Russian, I suggest, by attending the two-week Soviet Cinema season at Metro. I can remember little from my single failed attempt at Russian O-level in 1963 beyond the colourful, if not indispensably useful, saying: "Shchee da kasha peeshcha nasha" ("Cabbage soup and porridge is our fare"). The season offers ample opportunity for linguistic repair work and some excellent films: notably Eldar Shengelaya's *Blue Mountains* and Nikita Mikhalkov's *A Private Conversation* and *Five Evenings*.

Annie Get Your Gun/Chichester

Michael Coveney

The programme of Chichester Festival Theatre's 25th anniversary season which opened last night reveals that Suzi Quatro counts clay-pigeon shooting among her hobbies. This proves not the least of her qualifications for stepping into Ethel Merman's boots as Annie Oakley, the sharp-shooting star of Buffalo Bill's Wild West Show. The Detroit rock star's stage debut is notable for the manner in which she mingles side - show toughness with romantic vulnerability. She fully exploits, in fact, the show's chief weakness. And this is indeed a valuable revival of a musical not seen in London, certainly, since the 1947 Coliseum production.

Irving Berlin's score is a treasure trove of well-known songs that David Gilmore's colourful and well-organised production puts into a dramatic context without attempting to disguise the book's weaknesses. The narrative line supplied by Herbert and Dorothy Fields presents Annie as a grubbing country girl whose natural prowess in shooting quail and grouse led her to circus celebrity and feminine assertiveness. She is, simultaneously, a stock romantic heroine who goes weak at the knees the moment she claps eyes on her first opponent and eventual rival, Frank Butler. She is adopted by the politically appeased Chief Sitting Bull and proceeds to win her man and effect a merger to save Bill's tottering company by throwing away her professional pride.

How Ethel Merman solved this glaring problem I have no idea (Betty Hutton hardly touched upon it in the MGM 1950 movie version) but Miss Quatro sidles by on natural charm, not untinged with an appealing stage naivety, and a magnificent voice that delivers the songs fresh-minted, de-Mermanised with little attempt to confuse straightforward lust with independence or self-respect.

Chichester's thrust stage is a potential graveyard for musicals. Here, the live band sounds tinny and disembodied at times, but musical director Grant Hossack has achieved wonders and most of the levels and balances are as good as could be expected. The singing, too, is of an exceptional quality throughout. The design of Roger Glossop's uses a revolving truck to carry a steam train exterior, headlights flashing under a star-spangled sky, which yields to the carriage interior where Annie, having been signed up after her first triumph over Frank, rocks her child accomplices to sleep with the lazy, forgotten (by me at least) "Moonshine Lullaby." There are exciting evocations, too, of the Minneapolis fairground and the New York ballroom where Annie pawns her European tour medals and the floor erupts into a swinging, irresistible company hoe-down to "I Got the Sun in the Morning."

With that remarkable exception, none of the songs actually improves on being restored to its musical origins. But the theatre's rallying cry of "There's No Business Like Show Business" is only, thank God, unleashed with full tribal force at the finale; prior to that we have the delectable sight of Edmund Hockridge's Buffalo Bill in flowing white mane extolling the touring life alongside Matt Zimmerman's very fine and expertly phrased managerial stalwart.

The chief duet's rivalry receives a kick in the pants with the last gasp "Anything You Can Do" and Eric Flynn's beautifully sung Frank Butler is a bulwark here as indeed he is throughout. We also hear the song Berlin wrote for the 1966 New York revival, "An Old-Fashioned Wedding," somewhat reminiscent of his superior "I Hear Music But there's No One There," but worth hearing, needless to say.

What dramatic fizz and energy there is in the musical derives from scene to scene rather than through organic development. And here Mr Gilmore and his company rarely miss a trick. The climactic rope act could not possibly have been bettered by Miss Merman (hard to imagine her upside down halfway up a marquee) and the Indian induction ceremony ("I'm an Indian Too") is given the full choreographic works by Anthony Van Laast, the tribe led by an extraordinarily nimble heavy-muscled specimen of Sioux beefcake. Berwick Kaler doubles wittily as the Ohio hotel manager who first puts Annie up for competition and the Indian chief who subsequently adopts her.

In the end, Annie meets her match by losing her contest. And Frank Butler sweeps his while still managing to win his woman. It hardly seems fair, in 1986, but this remains musical comedy and you just have to shrug and sit back to enjoy such gems as "My Defences Are Down" (they are, indeed), "They Say It's Wonderful" and a surprisingly effective triple-time "soupy" version of "Lost in his Arms," Miss Quatro seemingly backed on the cattle boat deck by an invisible choir of Mike Sammes Singers. In sum, then, a thoroughly efficient, affectionate, and enjoyable musical revival.

The Fair Penitent/Los Angeles

B. A. Young

It is reassuring to find in the first season of a theatre "dedicated to producing new American plays and exploring established plays through new interpretations" an English verse drama from 1703. To London visitors, the director's name, Charles Marowitz, explains all. What is more, the LATC's production of Nicholas Rowe's *The Fair Penitent*, though decor-ated with occasional Marowitz-series, is not a wholesale re-working like the Marowitz Shakespeare.

The Fair Penitent was the first of Rowe's "she-tragedies," with women in the leading roles. Calista, about to marry heroic young Altamont, pursues a determined affaire with "the haughty, gay Lothario"—the debut of that now legendary character. Marowitz opens his production with Calista nude under a dim spot, Lothario's hands snaking round her hips. At her marriage to Altamont, a theatrical conjuring trick turns him into Lothario, to a howl of mephistophelean laughter—a very effective moment.

Calista's duplicity leads to a conventional series of duels, stabbings and suicides, and there is nothing very exciting about the plot. What is novel, though, is Calista's pioneering of women's liberation. She has a fine speech that begins:

> How hard is the condition
> of our sex,
> Through every state of life
> the slave of man.

The verse-speaking is surprisingly good. It would not do at Stratford, neither on Avon nor Ontario, but it is not what you might expect from young American players. To begin with, it is spoken in modern English, not American, pronunciation. No doubt this is the consequence of both Altamont (the handsome Christopher McDonald) and Calista (the beautiful Maria Mayenzet) having studied at RADA, but is mightily helped by the presence of Jack Gwillim (late of the RASC) as Sciolto, Altamont's father. Yet as good as the semi-British is Franklyn Seales's Lothario, a great blend of villainy and romance.

There is a lovely set by Karl Eigsti, pillars and sculptures upstage of ornamental paving. The look is of Renaissance Italy; the programme says the action is "towards the end of the 19th Century"; Noel Taylor's costumes suggest the Regency time. They all go well enough together.

Christopher McDonald and Franklyn Seales

Shirley Bassey/Albert Hall

Antony Thorncroft

Shirley Bassey showed a 47-year-old leg in London this week, much to the delight of the capital's florists. Nothing changes at a Bassey concert. There is the same gaggle of neat and diffident young men who politely line up to present their bouquets throughout the performance; there is Shirley's teasing of her musical director, stealing his hankie to mop up the sweat; there are the cosy chats with members of the audience. "We love you, Shirl," say they: "I love you all," replies an expansive star; there are the frequent disappearances to add yet more flounce to her outfit; and there are those dire show business songs, like "New York, New York" and "My Way," which only the super ego of the cabaret circuit can sing without embarrassment.

And yet more and more the performance seems all shell with little substance. Familiarity breeds tedium, especially as age has somewhat withered her loonier physical jerks, and even the voice is now under greater control. She still enunciates like a Lithuanian speech therapist — "What I did for-luurve" remains amusing — but the feeling is fading from "I who have nothing" and "Send in the clowns." They just are not credible for her any more.

Shirley Bassey remains a loveable British institution but if she stopped touring for a bit, learned some songs which she can sell with her personality rather than by mannered pyrotechnics, and dropped all the excess baggage, she would give less predictable, more inspiring, shows.

Piers Lane/Elizabeth Hall

Dominic Gill

The Australian pianist Piers Lane set the tone of his recital on Wednesday at the very start of the evening with an exuberant account of John McCabe's noisy, maundering *Fantasy on a theme of Liszt*—all high spirits and vapours (if kitsch is the gaudy blueprint of art without any of its content, then McCabe's *Fantasy*, and Mr Lane's performance of it, were the purest kitsch).

Mr Lane continued with Beethoven's Appassionata sonata, which he played splashily and fast. Some of the instincts seemed to be in the right place—but there is far more amazing detail in the Appassionata's first movement than a pianist who likes to dust it off from time to time and give it a whirl will ever reveal. From the way he treated the first allegro, Mr Lane was evidently not the kind of pianist to restrain himself in the last—which emerged both crucially too heavy and crucially too fast, so that the semiquaver articulation came across as little more than a pedalled blur.

The performances of Rakhmaninov's 10 op 23 Preludes after the interval were good enough as party-pieces to impress an after-dinner audience—but they were not in any way closely focused enough to suit a fully-fledged public recital. At worst they were slickly effective, recipe-performances, without real command or musical insight; at best, two or three Preludes emerged (notably the D minor and the E flat major) as decent, if faded, reminiscences of the real thing.

London Symphony/Festival Hall

Andrew Clements

"Les Grands Maitres Francaise" is the theme of the Royal Philharmonic Society's current season. The previous concert was devoted to extracts from Messiaen's *Saint Francois d'Assise*; Wedesday's, given by the London Symphony Orchestra conducted by Michael Plasson, returned to more traditional fare, but included both a British premiere and a first performance.

Chabrier's *Joyeuse Marche* has become such a well known concert opener that it's surprising to discover that originally in 1888 it was paired with a *Prélude*, which was never subsequently published, was last performed in 1943, and whose manuscript is now lodged in the Bibliothèque Nationale in Paris. Plasson's rehabilitation of it here, followed by the *Marche*, demonstrated that its total neglect was unwarranted, but that it is no more than a suave pastoral idyll, without a great deal of individuality and lacking the memorability to stand meaningfully against the *Marche*, whose perky idiosyncrasy tends to expunge any lingering atmosphere altogether.

The new work, a rhapsody for horn and orchestra by Jean-Michel Damase (born 1928) proved equally anodyne, though it put Barry Tuckwell's virtuosity to well-mannered test in an elegant enough way. Commissioned for Tuckwell by Barrie Humphries, its idiom can best be classified as post-Ravelian: there's a near quote from *Daphnis et Chloé* at one point, as well as one expansive, succulent melody to launch the soloist on his way. But nothing else is so arresting: the slow-quicker-quick-slower-slow march form is afterwards filled out with efficient predictability.

Tuckwell's impeccable delivery was matched by Plasson and the LSO, who went on to give a bright-toned, appropriately brittle account of the second suite from Roussel's *Bacchus et Ariane*—a *Daphnis* with harder edges and fewer *longueurs*—and a more patchy reading of the *Symphonie fantastique*. The performance took a while to find its feet, with the opening movement laboured rather than naturally expressive, with waltz halting. Delicate woodwind solos in the central movement suggested better things, and from then on the threads were gradually pulled together, until the finale positively bristled with energy and brilliantly incisive detail.

Pianist wins first Pat Smythe Award

Pianist Steve Melling is the first recipient of the Pat Smythe Award, named after the pianist/composer who died in 1983 and who was well known in the jazz community for his support and encouragement of talented young musicians. To commemorate this, a group of Smythe's friends decided to set up a trust fund in his memory with the object of providing an annual award for a young jazz musician.

Ronnie Scott presented the award worth £700 to Steve Melling at a concert at the University College School Theatre, NW3.

Continued from Page 22

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey, Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 6834)

Exhibitions

NETHERLANDS

Amsterdam, Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

SPAIN

Madrid, Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoletos 22. (435 40 03). Ends June 30.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Czeschka – many on public view for the first time. Applied Arts Museum, ends June 8.

TOKYO

The Art of Tendai Buddhism: Tendai, one of the major esoteric Buddhist sects based in Kyoto, celebrates the 1200th anniversary of its founding. 200 exhibits include treasures from 7–10th century Tang China and 12th century Japan. Tokyo National Museum in Ueno Park. Ends May 5. Closed Mondays.

Henry Moore Sculptures, Drawings and Graphics A major exhibition of over 300 works including installation of sculptures in Ueno Park. Tokyo Metropolitan Museum. Ends June 5. Closed Mondays.

Joan Miro: Isetan Department Store. Shinjuku. Ends May 6.

NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Franceschinis. Ends May 1.

Museum of the City of New York. Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

WASHINGTON

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

LONDON

The Tate Gallery: 40 Years of Modern Art is a huge, rambling and always fascinating display marking the retirement of Ronald Alley, Keeper of the Modern Collection for the last 20 years. He has chosen and arranged the show, drawing only on the Tate's stocks. Revival of critical interest in European work before 1960 has meant that the influence of the New York School is no longer the power it once seemed. The work now take its place with its international peers. The Tate stands among the best of modern collections, and this show makes clear its unique character of generosity and openmindedness. Ends Apr 27.

PARIS

Vienna 1880-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a *fin de regne* is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (4277 1233).

From Rembrandt to Vermeer. 60 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410)

Rasa – The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed late opening. Ends June 16.

At the Court Of The Great Moghul. A parallel exhibition of Indian miniatures from Bibliotheque Nationale's collections, which have never been exhibited before. Bibliotheque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

WEST GERMANY

Hamburg, Museum für Kunst und Gewerbe, Steintorplatz 1: Also to honour Kokoschka, this museum is showing his complete works for the theatre. The 250 items cover costumes and set designs. Ends Apr 27.

Hamburg, Museum für Kunst und Gewerbe, Steintorplatz 1: To honour Kokoschka, this museum is showing his complete works for the theatre. The 250 items cover costumes and set-designs. Ends April 27.

Berlin, Haus am Waldsee, Argentinische Allee 30: 1950–1985 Aspects of Italian Art. 100 works by 30 Italian painters, covering the last 25 years. Among them Ceroli, Fabro and Kounellis (Ends April 27).

Düsseldorf, Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 25.

BRUSSELS

The Phoenicians and the Mediterranean World. Sculptures, ivories, jewellry and glass from Tyre, Sidon, Byblos, Malta, Thebes & Carthage. Société Générale de Banque. Ends May 8.

ITALY

Rome: Galleria Nazionale d'Arte Moderna: Giulio Turcato: Marvellous exhibition by one of the liveliest of contemporany Italian artists, now in his eighties. Joyful, irrepressible and irreverent, cocking a snook at conventional values whether it be those of the Communist Party (which he joined in 1943) or piety. He declined to accept the party's strictures on how artists should paint, and one of his most famous works, The Demonstration (il comizio), on show here, was severely criticised by the party leader, Togliatti, as being too abstract. Ends April 30.

Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome: Palazzo Braschi: (Piazza San Pantaleo): Edvard Munch (1863-1944): More than 250 works by the Norwegian painter from the Munch museum in Oslo and private collections. Death and illness became a dominant theme in Munch's works: Subjects such as Death In The Sickroom are reworked in oil, charcoal and pastel – each seeming more compelling than the last. Also on show is his extraordinary work The Scream painted in 1893, in which the scenery becomes a vortéx for the central, anguished figure. During the 1890s, Munch moved away from realism and impressionism (there are three delightful paintings on show of Nice and St. Cloud) towards expressionism, a style which he used to express not only desolation, but also lyricism and passion. Ends June 1

Saleroom/Antony Thorncroft

Late buyer for Roses

A copy of one of the most celebrated of illustrated books, Redouté's "Les Roses," failed to find a buyer during Christie's auction yesterday when the bidding faltered at £45,000. But after the sale there was a change of heart and Christie's negotiated a price of £51,840 for this fine, clean, brightly coloured edition, with 169 plates.

The two-day sale of illustrated books totalled £825,589. Another famous book of flowers, Thornton's "Temple of Flora," was on target at £43,200.

This apart, Christie's sale was a success, with a two-day total of £825,589 and 12 per cent unsold (mainly accounted for by "Les Roses"). Another famous book of flowers, Thornton's "Temple of Flora," was on target at £43,200.

For illustrations of birds John Gould's "The Birds of Great Britain" carries the greatest prestige, and the five volumes, with 367 hand coloured lithographs, went to Sotheran for £32,400, also as expected. One of the finest and rarest books on fruit, "Pomologie Français," by Antoine Poiteau, was bought by Quaritch for £27,000.

A rare item, an original drawing on vellum by Redouté, a still-life of peachs, grapes and pomegranates, was rather disappointing, finding a buyer at £21,600, its low estimate. The watercolour measures 310 x 365 mm; in 1970 Sotheby's sold it for just £720.

A silver gilt boxer's commemorative belt, presented to Owen Moran, the bantam weight champion of the world, by admirers in 1908, sold for £9,350 at Bonham's yesterday. It carries a plaque of Moran, with fists raised, and details of his victories. Moran sold it for £1,200, a huge sum, in 1912. A "primitive" painting by John Collett of "The knock out" sold for £4,620.

A German buyer paid £13,000 for a small planispheric astrolabe, made in Germany around 1600, while the Science Museum in London secured, for £8,000, an important and rare distance meter, made of mahogany. An unusual item, a brass "toy" signet ring which, when clenched, spurts water into the face of an admirer, sold for £80.

The Isabel Anderson emerald, which carries the name of the wife of the American Ambassador at the court of King Edward VII, sold for £197,342 to a London dealer at Sotheby's jewels sale in New York on Wednesday. The price was around double the forecast.

There were many private buyers in an auction which totalled £3,999,080, with 20 per cent unsold. There were signs that good diamonds are rising again in price, with a dazzling bracelet with 18 emerald cut diamonds weighing 134 carats making the top price of £255,814, on target.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday April 18 1986

Exchange rate objectives

THE PENDULUM of economic fashion seems to have swung so rapidly in favour of managed exchange rates that it is easy to forget how recent were the days when "dirty floating" was a term of abuse as venemous as "labour market rigidity" in free market circles all over the world. Yet it was only a few years ago that the US and British Treasuries were vehemently denying that governments could, or should, do anything to alter the markets' judgments on their exchange rates.

In those days, it was *de rigueur* for cynical civil servants in Bonn and Frankfurt, as well as in Whitehall, to chuckle at the mention of the European Monetary System. The EMS was seen as a political chimera—a "super-snake" the existence of which had less to do with economic motivation than with the personal vanities of Chancellor Helmut Schmidt, President Valery Giscard d'Estaing and Mr Roy Jenkins.

Major realignment

Few would have predicted five years ago that a chorus of the world's most respected economic conservatives would now be urging Mrs Margaret Thatcher to take Britain into full membership of the EMS. With Mr Karl Otto Poehl, President of the West German Bundesbank, yesterday adding his voice to the unusual duo performance by Mr Nigel Lawson and Sir Geoffrey Howe on Wednesday, Mrs Thatcher must be feeling more isolated by the day.

The arguments in favour of EMS membership are pretty well known. As we pointed out last week, after the first major EMS realignment in three years, the system's record suggests that Britain could reasonably expect to benefit from a high degree of currency stability, from lower interest rates and from greater international confidence if it joined the EMS.

Why then does Mrs Thatcher continue to stand out so resolutely against entry?

At the most general level, it is clear that involvement in any international agreement like the EMS involves some loss of sovereignty over economic policy. Even if this is accepted as inevitable in an interdependent world, another general objection from those who believe that monetary targeting should be the key to domestic economic policymaking is that any form of exchange rate management conflicts with domestic monetary targets. Once they conceded that monetary argets had not worked well in the past and were unlikely to do much better in future, opponents of EMS membership have usually argued that exchange rate management, even if it were desirable, should not be focused on explicit targets—pre-announced targets, it was claimed, only encouraged the markets to speculate against them.

As the stability of the EMS put paid to this general argument, the British opponents of EMS membership have concentrated on two more parochial objections. First, there was sterling's "petrocurrency" status, which imposed an inherent instability which made the currency impossible to manage. But this impediment became steadily less impressive as the Government strove, with considerable success, to convince the markets that oil was only a marginal factor in the British economy. This left just one objection in the anti-EMS armoury.

From the beginning of last year onwards, the Chancellor increasingly accepted that an exchange rate objective, albeit an unannounced one, had an important role to play in British macroeconomic policy. The Treasury sometimes claimed, however, that it was more appropriate for Britain to set its own objectives, based on the trade-weighted exchange rate, instead of joining a system designed to secure stability only against the other European currencies. This argument, too, was finally buried by an extraordinarily explicit statement from the Chancellor on Wednesday: "I see no role for an exchange rate target outside a formal system shared by other countries—and that, for the UK, means the EMS."

Controlled experiment

Where then, does all this leave the resolutely defiant Mrs Thatcher?

For all the Treasury's technical anxieties about sterling's petrocurrency status and the interactions between monetary and exchange rate policies, it is possible that Mrs Thatcher has never fully accepted the first step in the EMS argument—that countries can improve their economic performance by coordinating policies and giving up some of their apparent economic independence. On this point, no amount of theoretical argument can be conclusive. By staying outside the EMS, Britain will continue to provide a controlled experiment which will interest professional economists throughout the world but will bring little joy to British industry.

A new charter for innovators

The British Government's White Paper on Intellectual Property and Innovation, published earlier this week, provides an excellent basis for the rejuvenation of a system which was being overtaken by technology and by commercial developments. It represents the first major review of intellectual property and innovation policies for 30 years. It recognises that these policies can be made viable only by removing the present imbalance discriminating against small companies and entrepreneurs. With one exception, the policy outlined in the White Paper deserves support and speedy implementation.

The Government intends to transform the Patent Office into a statutory self-budgeting agency which will put its resources and expertise to commercial use for the benefit of industry. The Patent Office should be well able to perform this task as its intake of patent applications has been halved since the European Patent Office opened in 1978 and is still falling. Its examiners will become redundant unless they become consultants.

The present patent system is a disincentive to innovation among small companies and entrepreneurs because of the difficulty and expense involved in obtaining patents and defending them.

It was tailored for the epoch-making inventions of the 19th Century: present-day inventions bring mostly only tiny improvements. Most patents can be easily made worthless by a subsequent variation.

The decisive criterion on innovation is no longer technological novelty but marketability, profitability and economic usefulness. On the one hand, it does not make sense to offer to inventors a monopoly for a negligible contribution to disclosed knowledge. On the other, it is not in the interests of most innovators to go to the expense of obtaining and defending a patent before they have established that the invention is commercially viable.

The Government proposes to meet their need by extending copyright to unregistered original designs which are not artistic works. Such protection should be available for a maximum of ten years—with the last five subject to obligatory licensing—not only for spare parts but also for components of more general utility and self-contained products. This shift from patent monopoly to copyright protection seems to be the right response to technological change.

The cost of defending a patent in court is the second major obstacle preventing small and medium-sized companies from using the system. The Government now proposes to move the litigation from the courts to the Patent Office on the assumption that the Comptroller of the office would deal with the disputes with greater understanding and less formality.

Serious flaw

The White Paper proposal suffers, however, from a flaw which could negate the substantial advantages arising from the transfer of disputes from the courts to the Patent Office. Though the Comptroller could make orders and injunctions, only courts would have the power to enforce them. Before doing so, they would have the power to review the entire previous procedure in the Patent Office. Thus the financially strong company could restart the whole procedure in the High Court and the weaker innovator would be even worse off than at present: the simple Patent Office procedure would be additional to the costly and cumbersome litigation in courts which on its own is now sufficient to deter him from defending his patent.

This weakness of the White Paper needs to be put right if there is to be a genuine simplification of patent litigation. As the Government states, "The UK's new industries must come from small beginnings and our intellectual property system must be such that it protects small enterprises so that they may grow."

UK PRIVATISATION

❛Amalgamation under public ownership will bring great economies in operation and make it possible to modernise production methods . . . Public ownership . . . will lower charges, prevent competitive waste, open the way for co-ordinated research and development . . . **Only if public ownership replaces private monopoly can industry become efficient.**❜

LABOUR PARTY MANIFESTO 1945

Clement Attlee

Margaret Thatcher

❛Privatisation is bringing about a fundamental change in the operation and efficiency of key sections of the UK economy. Its success . . . is self-evident . . . Privatisation liberates managers and employees and allows them to reach their full potential . . . **Privatisation increases productive efficiency whether or not a monopoly is involved.**❜

FINANCIAL SECRETARY TO THE TREASURY 1985

Old arguments in new bottles

By Michael Prowse

AS A panacea, privatisation has great appeal: it seems to offer a universal solution to a long-standing economic headache — the management of nationalised industries.

The historically-minded, however, will feel uneasy in the face of such claims. They will recall the time when state-ownership and control were equally enthusiastically supported. Yesterday, Mr John Moore, the Financial Secretary, made yet another speech extolling the merits of private ownership. The Labour Party's 1945 election manifesto provides a useful antidote to his enthusiasm.

This spoke eloquently of the failures of capitalism in the 1920s and 1930s. It spoke of the dangers and inefficiencies of large private monopolies; of the restrictive practices, profiteering and price rigging that had become endemic. Public ownership was then seen as a way of increasing the accountability of large industries, improving efficiency and motivating the workforce.

It is hardly an exaggeration to say that public ownership was regarded as having most of the virtues today claimed for private ownership. The pre-war experience of public intervention had been encouraging. Few doubted the logic of setting up the London Passenger Transport Board and civil aviation had been in chaos before the Government intervened in 1924 to establish Imperial Airways. In 1945, it seemed reasonable for Clement Attlee, the Labour Prime Minister, to believe that nationalisation of coal, gas, steel, railways and other basic industries could yield large economic benefits.

It was also reasonable in 1979 for the newly-elected Thatcher Government to believe that nationalisation had gone too far. During the 1970s the Heath, Wilson and Callaghan governments had pushed public ownership well beyond the bounds set by Atlee. The public sector became a sort of hospital for large numbers of sick and dying manufacturing companies.

With the habit of nationalisation so deeply engrained, the new concept of privatisation took a while to gain momentum. For example, in a book published in 1980, Mr John Redwood, later head of the Downing Street policy unit, examined various ways of regulating publicly-owned companies. He did not propose wholesale privatisation; his view on nationalisation was rather "so far and no further" (tentative plans to nationalise the clearing banks, the pharmaceutical industry and construction had been circulating in Labour circles). In 1980, Mr Redwood did not include telecommunications, water, buses or BL among industries where asset sales were even possible, let alone desirable.

The removal from the public sector of companies which operate in normal competitive markets is relatively easy to justify. The first phase of privatisation — up to the sale of British Telecom — partially reversed the last and least justifiable phase of nationalisation—that of the 1970s. Thus the National Enterprise Board was effectively wound up with the sale of shares in companies like Ferranti and ICL, British Aerospace was privatised and British Shipbuilders slimmed down partly through divestment.

It was easier to object to the methods of sale than to the companies selected for privatisation. In 1979, the state industrial sector accounted for about 11½ per cent of GDP, or 30 per cent of production. There was no particular rationale for this. To object on principle to the sale of, say Amersham International or Jaguar is to object to private enterprise as such.

During this period, the idea that the state is particularly good at managing economic decline was debunked: in the 1980s, the privately-owned textile industry, for example, contracted with less commotion than publicly-owned steel, coal or cars.

With the sale of British Telecom in 1984, however, privatisation entered a much more controversial phase. For the first time, complex questions of market structure and regulation came to the fore. For the first time, the Government sold something for which a respectable case for public ownership could be made. This is true of most of the current privatisation candidates—gas, water, airports, buses and airlines.

This second phase of privatisation has some worrying parallels with the Attlee nationalisations. Historians note, for example, that the 1940s nationalisations were hasty and ill thought out. According to Professor Derek Aldcroft of Leicester University, "the programme rolled forth as fast as Bills could be drafted in the years 1946/49." The speed and size of the programme meant that "insufficient attention was given to the organisational structure and operational procedures of the new undertakings."

The problem was that nationalisation was driven by ideological conviction. People's faith in public ownership was almost religious. It was not grounded in empirical evidence or reasoned argument. Had the structure, size and regulation of nationalised industries been better planned, their subsequent performance might have been greatly improved.

Forty years on, a similarly dogmatic conviction — this time that private ownership will work wonders — may have equally disappointing long-term consequences. Economists seem almost universally agreed that in the case of the sale of BT and in the plans for the flotation of British Gas and other monopolies, the Government has failed to think through crucial questions about market structure and competition.

Part of the problem is that the Government has allowed what should have been subsidiary goals—the promotion of wider share ownership and the bolstering of public finances—to overshadow considerations of industrial structure.

"Popular capitalism" is best promoted through tax reform: by giving individuals the same fiscal privileges as pension funds. But the razzmatazz of giant flotations that offer investors instant profits has proven irresistible to politicians. The fact that investors in BT, British Gas and other utilities will end up with unbalanced portfolios and a false idea of what the stock market is all about is quitly forgotten.

And it is an elementary accounting error to believe that privatisation improves the public sector's finances. All the sale of a public asset for cash involves is a temporary boost to liquidity. It thus makes no sense to package an industry for sale so as to maximise the proceeds. Yet the consideration seems to have weighed heavily in recent privatisation plans.

Some critics, however, argue that the problem runs much deeper. According to Mr John Kay, the director of the Institute for Fiscal Studies, privatisation involves a paradox. It can be speedy and harmonious only if it is supported by the senior managers of the industry concerned. Yet the price of their co-operation is inevitably high: they have no incentive to support a market structure that will impose new competitive disciplines on them.

On this view, the true architects of the second phase of privatisation have not been Mrs Margaret Thatcher or Mr Nigel Lawson but the likes of Sir George Jefferson at BT, Sir Denis Rooke at British Gas and Lord King at BA. None has exactly argued that liberalisation should accompany privatisation.

There is a temptation these days to argue that motivation and efficiency are automatically linked to private ownership. Yet are Treasury economists poor at their job because they happen to be civil servants? Is Oftel, the telecommunications watchdog, hopelessly inefficient because it is a quango? Has BA been unable to improve its service because it has remained in public ownership?

Profit maximisation in competitive markets is usually best pursued in the private sector. Government ownership has frequently led to unhelpful interference in commercial decisions.

The big public sector monopolies, however, pose a quite different challenge. The aim is to make them give the best possible service to customers. But this cannot be done by simply directing them to maximise profits for shareholders: the exercise of monopoly power would result in bloated prices and inadequate output. They have to be hobbled in some way and it is far from clear that this can be done most effectively under private ownership.

Mr Moore claimed last year that "privatisation policies have now been developed to such an extent that regulated private ownership of natural monopolies is preferable to nationalisation." Quite what the evidence for this is remains unclear. Certainly, agencies like Oftel, so long as they have dynamic bosses, have some advantages. Regulation is a little more transparent and the staff may develop more expertise than the transient civil servants for whom the monitoring of BT was just one job in a long Whitehall career.

But an underlying problem cannot be dodged: privatisation may make regulation harder because, as a profit maximiser in the private sector, a monopoly has a much more direct incentive to frustrate competition than a public sector body seeking, however vaguely, to serve the public interest. New formulas—such as the "RPI–X" equation that obliges BT to keep certain tariffs below inflation—do not remove the fundamental dilemma.

Indeed, Professor Bryan Carsberg, the head of Oftel, admits that the formula applied to BT now looks rather lax and may have to be revised. He also admits that in practice it boils down to much the same thing as the "rate of return" regulation that has been so heavily criticised in the US: allowing BT to raise its prices too fast has much the same effect as allowing it to make too high a return on capital.

Those in favour of blanket privatisation and those in favour of blanket nationalisation share a dangerous prejudice: that ownership matters more than market structure. The case against the Government is not that it wants to sell assets but that it does not seem to care how it does this. For example, some Treasury officials have reservations about the planned flotation of British Gas. Numerous suggested ways of introducing competition — for example, its break up into regional companies — have been studiously ignored.

In the 1940s, senior civil servants, while perhaps sympathetic to the principle of nationalisation, were probably equally sceptical of the way the politicians pushed the policy through. In spite of a sheaf of White Papers and patent medicines, the problem that has not been solved in 40 years is how to manage and regulate large concerns such as utilities that possess monopoly power and which cannot be allowed to maximise profits in a straightforward way.

If anything, the excitement that has surrounded privatisation as an ideology has distracted attention from the serious economic issues. Once again the myth has been perpetrated that a change in ownership will solve a problem the origin of which lies in an inappropriate industrial structure. The danger is that in ten or 15 years, the privatised monopolies will once again be as disliked and as criticised as they were in the 1940s.

NATIONALISATION versus PRIVATISATION

Bank of England (1946)	British Aerospace (1977)
Civil Aviation (1946)	Ferranti (1980)
Transport (1947)	British Aerospace (1981)
Electricity (1948)	Cable & Wireless (1981)
Gas (1949)	National Freight (1982)
Iron & Steel (1949)	Britoil (1982)
British Leyland (1975)	Associated British Ports (1983)
British National Oil (1975)	Enterprise Oil (1984)
Nat. Enterprise Board (1975)	Jaguar (1984)
British Shipbuilders (1977)	Sealink (1984)
	British Telecom (1984)

Men and Matters

Smith weaves a broad cloth

Russell Smith, the Huddersfield textiles entrepreneur, must hope that Berisfords, the Cheshire ribbon company for which Allied Textiles is bidding £8m, will not take a leaf out of his own book.

Last year Smith, who is chairman of Allied Textiles, managed to defeat an unwelcome approach to take over his company from London and Midland Industrials.

Presumably Berisfords will be putting aside time to study the Smith tactics during that fight on the principle "Know thine enemy."

Smith, the first president of the British Textile Confederation, is well respected in the industry for having built one of the finest producers of top-grade worsted in the world. He is now looking for high quality speciality companies to add to the fold.

Last year he acquired Mayfield, which produces distinctive fibres, and discovered a ribbon company within it. "We found this to be unusually rewarding, so we asked who else made ribbons and came up with Berisfords," says Smith.

"They had a wonderful name but were making modest profits. It's the old story. A good business with a good reputation but managing for a product rather than a profit."

Berisfords is only the second bid he has made since the LMI approach. There will be more. "We now have the management ready to have a go at companies like these," he says.

"Will next month's figures include Test cricketers?"

Book-keeping

Cheering words at the Publishers' Asocaition conference in London yesterday for members facing a serious sales slump as a result of cuts in school textbooks purchasing.

John Davies, director of the Educational Publishers Council, promised them "the usual pre-election windfall" as Britain prepares for a General Election next year, or early in 1988.

He has a point. During the last Labour government in the 1970s spending on textbooks in secondary schools in the first year of the administration was £4.95 per pupil. By 1977-78, when it should have reached £7.09 per head to keep pace with inflation, it was only £6.44. But in the 1979-80 election year it rose to £8.48 per head, although an increase strictly in line with inflation would have taken it to only £8 a head.

Similarly, under a Conservative administration, secondary school ext book spending should have been £11.43 per head in 1981-82. It was actually only £8.78 per head.

The following year (an election year) it rose to £9.90 — which was 22p per pupil more than required to adjust for inflation.

Can we look to further studies plotting the swings of trade against the roundabouts of politics?

Against the grain

Kellogg, the Michigan company which invented corn flakes as a health food almost a century ago, is closing its doors to public tours after shepherding 6.5m visitors around its plant since the 1920s.

The decision, under discussion for the past six years, has caused a predictable outcry in Battle Creek, the small town headquarters of Kellogg, where visitors to the plant bring in substantial tourist revenues. But the company is adamant. It is worried that competitors, wandering around with the tourists, may be able to pick up too many ideas about the technology going into a new $500m plant.

The original corn flakes technology came from experiments with vegetarian foods by the founder of the company, William Keith Kellogg, and his brother, Dr John Kellogg.

Dr Kellogg, who ran a world famous clinic at Battle Creek, put all his patients on the same, strict vegetarian diet that he observed himself. The two brothers stumbled upon the idea of rolling grain into flakes by accident, but the new food proved a resounding success with patients at the clinic and William, a born salesman, quickly saw the commercial possibilities. He created the basic recipe for today's corn flakes by adding malt, and then proceeded to build Kellog into a worldwide company.

Kellogg is now one of the most profitable processed food companies in the world, and the $500,000 a year it spends on the factory tours is not a significant issue in the decision to give them up. The figure contrasts with the $281m the company earned last year.

The real issue, it says, echoing several other US companies which have recently become less open to visitors, is maintaining its competitive edge. "We don't talk about industrial spying," says a spokesman," because you can hardly complain about espionage if you have been conducting public tours. But over the next five to ten years, we shall be investing in new technology that we cannot disclose to our competitors."

Rock of ages

Readers in Gibraltar — some of whom have misgivings about the prospect of Spain's King Juan Carlos being received with full military honours during his state visit to Britain next week — may be relieved to hear that the UK and Spain are not yet near a setlement over the Rock.

That, at least, is the obvious deduction to be made from a strangely oracular pronouncement from the British Foreign Office.

In preparation for the visit, the FO has produced a document titled "Anglo-Spanish royal contacts and associations." Among a rich collection of historical anecdotes, it recalls the Treaty of Utrecht in 1713, which ended the War of the Spanish Succession, secured the throne for Juan Carlos's Bourbon ancestor, Philip V, and let Britain keep the Rock it had captured some years previously.

"Gibraltar," the document says, "was to remain an irritant in Anglo-Spanish relations for the next 300 years." Which brings us to the year 2013. By a curious coincidence, this is just the sort of timespan the Spanish tend to talk about for recovery of sovereignty in Gibraltar.

Infra-dig

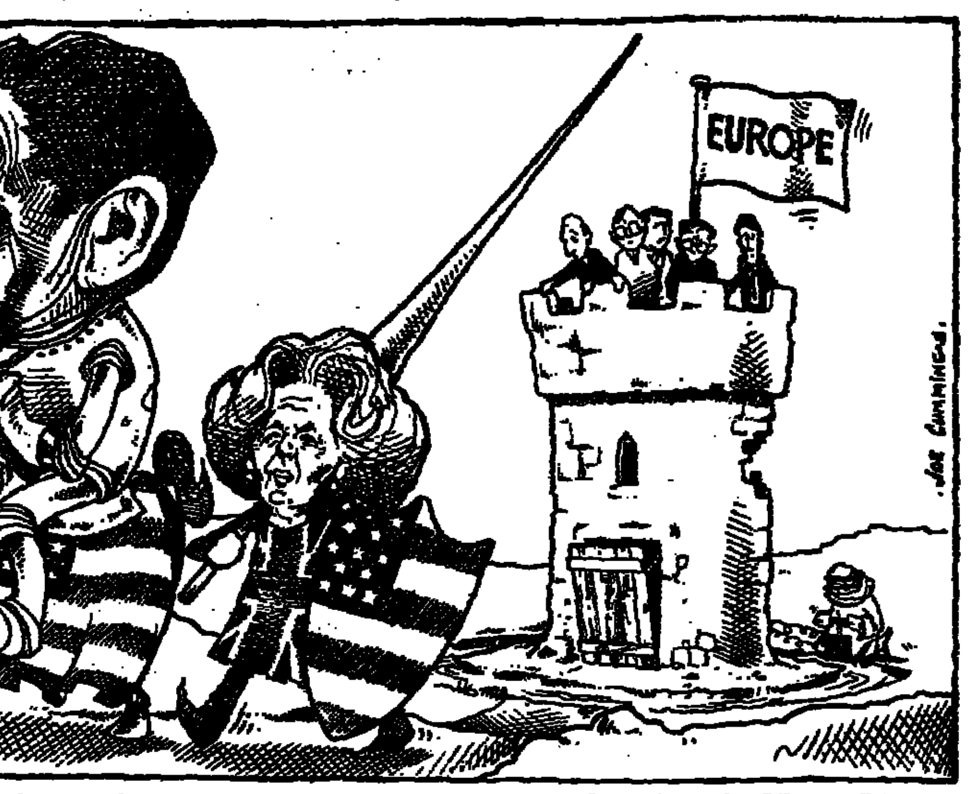
J. C. Bamford, the construction equipment company, chose an odd way to mark its bid for Britain's Land Rover this week. Journalists at JCB's press conference were each presented with a scale model of a digger. The models were stamped: "Made in West Germany."

Observer

Politics Today

Why Mrs Thatcher was right

By Malcolm Rutherford



IN THE past week or so Mrs Margaret Thatcher has faced one of the most difficult decisions a British Prime Minister can ever be asked to take—how far can a British government defy the United States, even if it believes that the American position is profoundly wrong?

The argument of this article is that, in the circumstances, Mrs Thatcher was right to acquiesce in the American raids on Libya, but that the circumstances should not be allowed to recur.

The US was, I think, mistaken to mount a punitive attack on a foreign country. But it was not the biggest incident of its kind in the history of transgression between states and we can live with the consequences. The Soviet Union, for one, has been careful not to protest too much. It is reaping the propaganda advantages of television pictures of children maimed by American bombs, yet there has been no sign that the Russians are preparing to break off negotiations on arms control. On the contrary, the word from their diplomats is that an understanding with the US remains central to Soviet foreign policy.

Western Europe was at fault because it had no better counsel to offer the Americans other than some vague advice not to take risks and not meet violence with violence. When finally it became clear to the Europeans that the Americans meant business last Friday, they called an *emergency* (my italics) meeting of foreign ministers for the following Wednesday, though in the event it took place on the Monday and even then was too late. What could be less serious than that?

Mr Edward Heath and Mr James Callaghan, the former Prime Ministers, Dr David Owen and Mr Denis Healey, the younger and elder statesmen, who spoke in Wednesday's House of Commons debate were, of course, correct when they said that Mrs Thatcher could have said "no" to the American request to use US bases in Britain for the attack.

The known part of the Anglo-American agreement reached between Mr Attlee and President Truman in 1951 and endorsed by Winston Churchill in 1952 runs as follows:

"Under arrangements made for the common defence, the US has the use of certain bases in the UK. We reaffirm the understanding that the use of these bases in an emergency would be a matter for joint decision by Her Majesty's Government and the US Government in the light of the circumstances prevailing at the time."

There is nothing in those words to indicate that a British Prime Minister is under an obligation to say "yes." Indeed, Mrs Thatcher's carefully-worded statements this week suggest that she strongly considered saying "no." It would be naive to imagine that she was unaware of the political consequences—at home and abroad—of appearing to bow to American pressure.

There is also a good deal of evidence that some of her senior Ministers were in favour of resisting the Americans or at least, in the manner of St Augustine, of saying: "Yes, but not yet."

Mr George Younger, the Defence Secretary, gave a radio interview on Monday that was broadcast only on Tuesday in which he expressed doubts about the wisdom of a military attack and suggested that his scepticism was shared by some of his colleagues.

Sir Geoffrey Howe, the Foreign Secretary, went off to the European foreign ministers' meeting on Monday apparently oblivious that the American decision to attack that night had already been taken—and with British consent.

In a remarkable intervention in the House of Commons on Wednesday, he said that he learned of it only when he returned to London and saw the Prime Minister. Mr Healey came closest to understanding the drift of it. He referred to the intervention as "the Foreign Secretary's personal statement." Personal statements are normally made when a Minister has just resigned.

Clearly Sir Geoffrey was not happy about the timing of Mrs Thatcher's decision to allow the Americans to go ahead and, for a man normally so loyal, he came unusually close to showing his discontent in public.

The view among officials in the Foreign Office was mainly that while the Americans were wrong to want to use force at this stage, they were plainly determined to do so, and that therefore it was better to go along with them. That was the view that prevailed, though Mrs Thatcher probably reached it entirely independently.

In other words, the key question was not: can the British Prime Minister say "no"? It was: should the Prime Minister have said "no" in the light of the circumstances prevailing at the time?

Mrs Thatcher seems to me to have taken the right decision for the following reasons:

● The Americans were going to go ahead anyway. It is impossible to prove that the attacks on Libya would have been any less accurate if they had been mounted from the aircraft carriers in the Mediterranean rather than by the F-111s based in Britain, but since the Americans said so, it was an argument that had to be taken into account.

● More important, the Americans needed an ally or at least a friend. Ultimately, that argument matters more to Europe than it does to the US. The Americans could have acted alone, but the consequences of their finding themselves isolated in Europe would have been more serious for us than it would have been for them. There was a responsibility to keep the two sides of the Atlantic Alliance together which happened to fall on Britain. One wonders whether Mr Healey, Dr Owen or Mr Callaghan would have been quite so carefree in their condemnations of American behaviour if they had been in office.

● Mrs Thatcher had a particular debt to the Americans because of their essential help in the recovery of the Falkland Islands four years ago. Whatever may be said about the point of that exercise with hindsight—and despite the doubts some of us expressed at the time—it should be remembered that it was exceedingly popular in the country. Without American logistical support it would have been impossible.

● It would have been very difficult for a British government to go on seeking US support against the Irish Republican Army and its American sympathisers if Britain had turned down the US request about Libya.

● There is a good deal of hypocrisy in European anti-Americanism. The French, for example, who refused to allow overflying rights to the F-111s on the way to the Libyan coast have had no hesitation whatsoever in co-operating with the US in seeking to curb Libyan ambitions in Chad.

● The most important point of all is that the European alternative did not exist. The Americans had asked for comprehensive economic sanctions against Libya last January. The request was turned down as impractical even by Mrs Thatcher. It is humbug for European foreign ministers and the British Labour Party to say now that, after all, sanctions would have been the proper course. The fact is that the Europeans would not touch them when they were offered.

In terms of purely British politics, one of the most interesting developments in the last few months has been how the Labour Party has become so avowedly European. It happened in the Westland affair when Labour preferred the European to the Sikorsky solution and it has happened again over Libya. Phrases like "our European allies" or "European partners" now come from the Labour front-bench almost every day.

In wider terms, however, the main conclusion that I draw from the Libyan affair is the familiar one that the Atlantic relationship is unequal and is becoming more so. Europeans simply do not understand the scope of American power, the strength of American feeling about such matters as terrorism and perhaps do not wish to do so.

The present mood in the US is sometimes described as one of "Ramboism" after the fictitious hero who returned to Vietnam, rescued the missing American prisoners single-handed and exposed a cover-up by the US establishment at the same time.

Yet there is also a kind of European or intellectual Ramboism that consists of spraying the Americans with condemnatory adjectives rather as the Americans used to spray defoliants in South East Asia. It is not much of a substitute for policy, nor does it recognise that in the real world the Americans will occasionally and understandably wish to exercise their power.

The best way for the Europeans to stand up to it is to have an agreed approach of their own. They have looked ineffectual this week, though they may have learned a lesson.

As for Mrs Thatcher, it was a very brave act which may well do her little good at home, at least in the short term. It also came as the Government was being defeated in the Commons over its Shops Bill and the unemployment trend was shown to be still rising. Nevertheless, she did it. If greater European unity comes out of it, there will be some lasting benefit.

Lombard

US-style market in property

By John Plender

THE Americanisations of the City of London is not, it seems, confined to the world of banks and securities traders. The commercial property business, currently the poor relation of Britain's capital markets, is moving discreetly in a transatlantic direction.

This is not simply the work of Mr G. Ware Travelstead, who plans to transform Canary Wharf in London's docklands into an office park of Texan proportions; nor, indeed, of the big US investment houses, which are beginning to dabble at the fringes of the British property market. The more interesting import is the growing market in limited recourse finance, where banks put up 100 per cent of the cost of development, but do not seek redress against the developer if he defaults on the loan.

This benign attitude to developers has long been standard practice in the US real estate market. If an American developer is unable to put up collateral on an unsuccessful development, the bank simply asks for the keys and takes over the building. The habit is spreading quickly through the London office property market.

An early example was the redevelopment of Billingsgate, where County Bank led a syndicate which advanced American-style finance to joint developers London and Edinburgh Trust and S. and W. Berisford. Much of the financing of the more recent £120m Broadgate scheme, undertaken by Rosehaugh Stanhope Developments, is on a limited recourse basis.

Greycoat Group has just raised a £76m seven-year limited recourse loan facility for the modernisation of Lutyens House on the corner of Finsbury Circus. The deal requires Greycoat to put up diminishing collateral as the building moves towards full letting.

Greycoat's financing package demonstrates, among other things, how far the American habit has pervaded the international banking community. Apart from N. M. Rothschild and Allied Irish Banks, which led the syndicate, the financiers include one bank apiece from the US, Canada, West Germany, Switzerland and France, together with a further two British banks.

Why, it might be asked, are the bankers prepared to shoulder this additional risk—especially when margins can amount to less than 1 per cent over Libor (the London Inter-Bank Offered Rate)? The answer probably lies in the current shortage of good borrowers in an intensely competitive banking market. And the implications for the supply of office space are interesting.

Just as the government has moved to deregulate the Stock Exchange, so the City fathers are moving to deregulate the City office property market, with a revised draft plan for the Square Mile involving less restrictive plot ratios for development and a more relaxed attitude to conservation. And in deregulated markets capital tends to move in and out in waves, according to the players' experience of profit and loss.

Today's insurance market is an obvious example.

In property everything happens in slow motion. But, the City fathers, Mr Travelstead and the banks are surely conspiring to produce a more cyclical market, in due course, in which artificial shortages of space can no longer be taken for granted.

As in securities trading New York provides an interesting pointer. There the commercial real estate market moves manically from boom to bust. Rents go up as well as down. Banks rush in, lend frenetically and retire hurt when they burn their fingers.

The conventional wisdom in London is that British developers will never walk away from their buildings because they would cut themselves off from future financing. We shall see. But if deregulation in property curbs absurdly high City rents, it will help underwrite London's role as an international centre in much the same way as deregulation is doing in securities markets. All thanks to transatlantic friends.

Letters to the Editor

No adequate information

From Mr M. Goold.

Sir,—During the last 18 months we have been conducting research into the strategic management styles of a group of 16 large British companies. By coincidence, the Imperial Group, United Biscuits and Hanson Trust were all participants in this research. We have therefore followed the recent battle for control between these companies with particular interest.

Your leader, "Sir Hector or Lord Hanson" (April 10), captures several of the key differences in style between UB and Hanson Trust, and you are right to suggest that the "national interest" provides no compelling general argument for choosing between them. In common with many others, you therefore found it hard to deliver a clear verdict on the competing bids. Faced with this situation, the stock market has opted for the tangible and immediate rewards that may stem from Hanson's financial control style, rather than the more risky and long-term returns promised by UB's strategy to build a broadly based international food group.

We do not wish to judge whether this is the right result — for shareholders, for employees, for consumers or for the national interest. But we do believe that the result followed inevitably from the failure of the public debate to address adequately two key questions.

How sound was Sir Hector's strategy for international growth? The detailed thinking behind this strategy was never widely communicated, and therefore questions concerning its realism and its risks remained unanswered.

What sort of strategies are necessary to defend the competitive position of Imperial's businesses, and to maximise their value? The issues here concern the maturity of these businesses, the competitive challenges they are likely to face, and the impact of a financial control strategy on them. Detailed analyses of these questions (as opposed to aspersions on what Hanson has or has not done with its other businesses) have not been forthcoming. In their absence, the majority presumably concluded that Hanson's enviable financial record was grounds enough to surmise that it will also succeed with Imperial.

Despite the massive publicity from all parties to this battle, and despite the magnitude of the stakes, essential issues were therefore not properly addressed in the lengthy public debate. This is typical of most contested bids. We face a situation where shareholders must make important and far-reaching decisions without adequate information on which to base their judgments. As takeover activity mounts, this must be an increasing concern for those interested in the strategies of Britain's major companies.

Michael Goold
(Senior Research Fellow),
Centre for Business Strategy,
London Business School,
Sussex Place,
Regent's Park, NW1.

Interests of the shareholders

From Mr D. Palmer

Sir,—On April 10 in an Editorial you described Lord Hanson's "proprietary" approach to management whereby the shareholder is sovereign and the manager's principal duty is to make the largest possible return on capital.

I felt the editorial missed the point that it is much cheaper for shareholders to diversify themselves than it is for companies to do so themselves. Furthermore, later on in the editorial you reflect on the disappointing history of mergers that were justified by high expectations of increased efficiency and higher returns through operational synergies.

Those companies which genuinely have the interests of their shareholders at heart should invest in their core businesses where the expected rate of return, taking risk into account, is higher than shareholders could otherwise expect to receive from Government bonds or at their friendly local building society. Anything left over should be returned to shareholders in the form of cash dividends or by the company repurchasing its own stock.

David Palmer.
1a Kings Avenue,
Bromley, Kent.

Tragedy and destruction

From Mr N. Bosanquet,

Sir, — The crisis in Libya surely needs to be seen in context of a desperately troubled region. American policy and actions are not the only reasons for tragedy and destruction in several parts of th Middle East — but they have contributed. The hard evidence of the Gulf and of Lebanon point to this.

Now the violence moves westwards with every chance that a new cyclone of fanaticism will take in large areas of the central and western Mediterranean. The right course for Britain is to work with Libya's neighbours such as Spain, Italy, Greece and Egypt to get more effective action in the region against terrorism. The answer to the fanaticism of Gadaffi is not in spasms of violence but in the development of effective international action. There are many specific and practical ways in which Britain could work with EEC partners to get such action. Violence is the easy option — much more difficult is an alliance in responsibility.

Nick Bosanquet,
Kelfield House,
Flaxton, York.

Self inflicted wounds

From the Group Financial Controller, Sension

Sir,—Some time ago Lord King wrote an article lamenting the ills which beset industry and Sir John Harvey-Jones in his Dimbleby dissertation (April 4) lamented in like terms: what they both failed to appreciate was that many industrial wounds are self inflicted.

I can recall those halcyon days when in the marketplace and elsewhere a man's word was his bond and 30 days' settlement was the nationally accepted norm, indeed non-compliance of these terms was indicative of either sharp practice or a company in financial trouble. Nowadays the indications are not quite so clear, some large companies have introduced "take it or leave it 60 days' settlement terms" and by surreptitious methods often extend these to 90 or 120 days.

As a result the money which industry increasingly and expensively calls upon is not to support manufacturing or development, but merely to finance the bridge between the sale and the settlement; good news for the financier but not for the manufacturer. Companies are required to spend too much time managing their cashflow rather than their operations, unless they are well blessed in their financial control.

Have too many major company boards, having feet in both financial and industrial camps, decided that the easy short-term cash profit is preferable to the long-term wealth creation and growth, forgetting that money is a tool of commerce and not a commodity per se?

Happily for the manufacturing industry as a whole and ergo the country, there are many small companies who have their growth priorities right; these will heal themselves despite the fact that many of their "Harley Street" industrial physicians still practice using leeches.

Bernard J. Pickup.
Denton Drive,
Northwich, Cheshire.

Gasifying coal

From Dr A. Balfour.

Sir — Referring to Sir Frederick Warner's letter (April 3) on the subject of underground coal gasification I am also a survivor of the Newman Spinney project and of the team which visited the USSR in 1957. His recollections of the P5 experiment are substantially accurate but do not present the whole picture. The coal seam was less than 3 ft thick and theoretical grounds, substantiated by Russian experience, showed that the maximum possible heating value, when gasifying such a seam was severely limited. To say that the calorific value of the gas was about 6 per cent of that of natural gas is irrelevant. We are not comparing like with like.

It is undeniable that where coal deposits are accessible economically by conventional deep mining or especially open-cast methods, this is the way to exploit them. There are, however, enormous coal reserves globally which cannot be exploited by conventional methods and these are the ultimate target of UCG.

I have been closely associated since 1973 with UCG work in the United States, which has made distinct progress, particularly in the use of oxygen blast which produces a gas of around 300 BTU/ft³ i.e., 30 per cent of the heating value of natural gas.

Arthur Balfour (Dr).
52, Sunny Bank,
Woodcote,
Epsom, Surrey.

The Finance Bill

From Mr C. Beattie QC.

Sir, — The Chancellor of the Exchequer has done it again! He has submitted to Parliament a Finance Bill of inordinate length. In the seven years since a Conservative Government came to power in 1979 there has been more tax legislation than in any other period of seven years in this country's history, and this from a political party which pledged itself to simplify our tax laws. What an empire the civil servants in the revenue departments have built for themselves, with ever-increasing manpower needs and more and more high-level positions opening to those seeking promotion!

C. N. Beattie QC.
24 Old Buildings,
Lincoln's Inn WC2.

FINANCIAL TIMES

Friday April 18 1986

Thatcher hints at tougher line on bases

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISM yesterday sought to provide reassurance about its approach to this week's US bombing of Libya as opposition criticism intensified with the discovery of the bodies of three British hostages in Beirut and other apparent reprisals.

Mr Neil Kinnock, the Labour Party leader, said he thought that "with Mrs Thatcher's complicity in the US attack the Government did abandon people who were hostages and alive to their fate."

Mr David Steel, the Liberal leader, said events in Beirut showed that Mrs Thatcher's decision had exposed British citizens to increased fanaticism and terrorism.

In a House of Commons statement Mr Tim Renton, a Foreign Office Minister of State, said account had been taken of the hostages before agreement was given to the US to use bases in Britain for the raid.

But he insisted that if any government refrained from taking what it believed was the correct action through fear for its hostages it was allowing its hands to be tied by terrorists and criminal kidnappers.

These events have fuelled the controversy over the raid and underlined the unease among many Tory MPs over the US action, particularly in the light of three separate opinion polls showing that about two-thirds of the public are opposed both to the US action and to the British Government's support for the use of F-111s based in Britain.

Mrs Thatcher tried to provide reassurance by stating that if the US required the operational use of these bases again it would have to ask again and "of course we could agree or withhold our agreement."

Her words are similar in substance to those previously used both by Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary, about further US action requiring a separate request to Britain. But the possibility of withholding permission was mentioned for the first time and the tone was different from previously.

Mr Kinnock said Mrs Thatcher had shifted her position from saying on Tuesday it "was inconceivable" that she would have refused the US request.

VW plans to double dividend as profits rise 163%

By Peter Bruce in Bonn

VOLKSWAGEN, the West German car producer, plans to double its dividend for 1985, after net profits are understood to have climbed close to DM 600 ($266m), up 163 per cent on 1984.

Following a meeting of its supervisory board in Wolfsburg yesterday, the company said 1985 dividends would be raised from DM 5 to DM 10 – involving a total payment of DM 240m. The dividend recommendation is to be put to VW's annual meeting on July 4.

VW's decision to return to its traditional 20 per cent dividend is understood to have been prompted not only by the continuation of good sales in the first quarter of 1986 but also by the need to assure good reception for a planned DM 300m capital raising exercise, probably later this year.

The company, whose share price on West German stock markets has almost tripled to around DM 700 since the beginning of last year, is due to make details of its 1985 financial performance public early next month.

VW became Europe's biggest-selling motor car producer last year. The DM 300m rights issue is designed to cover the group's new-found strength in the market and to help finance future growth.

Management in Wolfsburg has been particularly keen to make the rights issue a success, however, since it became clear late in 1984 that the federal Government was considering reducing its current 20 per cent stake in the company. Together with the state of Lower Saxony, Bonn owns 40 per cent of VW.

Although the Finance Ministry in Bonn has come under political fire for wanting to sell part of its remaining stake, it is understood that Dr Gerhard Stoltenberg, the Finance Minister, is still keen not to participate in the rights issue and so allow the federal Government's holding to fall to around 14 per cent.

Largely because of its interest in VW as a major employer in Lower Saxony, the state government in Hanover has said it will take part in the issue and so keep its stake at 20 per cent.

● The West German Cartel Office in Berlin confirmed yesterday that it would soon be meeting senior officials from Volkswagen and Olivetti, the Italian office equipment giant, to discuss the possible sale by VW of its loss-making Triumph-Adler typewriter division to Olivetti.

The sale, under which it is believed VW will take a 5 per cent stake in Olivetti, was discussed at VW's supervisory board meeting yesterday. Details were not released, and officials said only that they and Olivetti were holding "cooperation" talks.

Cartel Office approval would be needed for the sale of Triumph-Adler to Olivetti to go ahead, as the combined group would control more than half of the West German typewriter market. It is expected, however, that VW will argue that the European typewriter industry is a special case and is being seriously threatened by imports from the Far East, a view supported by the European Commission.

EEC and US close to credits accord

By Philip Stephens in London

THE US and the European Community appear to have moved closer to an agreement to settle the long standing dispute between industrial nations on the issue of mixed export credits, but Japan is strongly *resisting changes*

At a meeting of finance and trade ministers of the 24-nation Organisation for Economic Co-operation and Development (OECD), Mr James Baker, the US Treasury Secretary, signalled that the gap between the US and Europe had narrowed.

Mr Baker, however, singled out Japan as resisting what he termed the emerging consensus between governments and as blocking attempts to resolve the issue at this week's talks.

Mixed credits combine normal export credits with tied aid and have long been criticised by the US as an unfair trade practice. Washington has been seeking a sharp increase in the minimum grant element *in such credits from* the present 25 per cent in order to discourage the practice.

Mr Baker, however, indicated that the US was now prepared to accept a 40 per cent minimum against its original demand for a 50 per cent minimum. The European Community has proposed a 35 per cent figure, but US officials appear to believe that the remaining gap can be bridged.

The US and the Community are also agreed on modifications to the complex formula used for calculating the aid element in such packages. This includes a uniform discount factor of 10 per cent, despite the wide disparities in market interest rates between different countries.

Mr Baker indicated that both the US and the Community were now prepared to move to a market-related formula, but Japan was fiercely resisting such a change. The present system tends to favour countries which have relatively low interest rates, and the Tokyo Government argues that its exporters would be seriously damaged by the proposed changes.

French bond prices tumble in wake of budget measures

BY DAVID MARSH IN PARIS

FRENCH financial markets tumbled yesterday after the Government's budget package announced on Wednesday, in spite of a further cut in interest rates announced by the country's leading banks.

The bond market reacted sharply to the Finance Ministry's decision to increase taxation of corporate and individual investors' placements in unit trusts and mutual funds, which during the last few *years have built up huge portfolios* of French bonds. Falls of 3 percentage points in bond prices, accompanied by heavy and nervous selling on both the spot and future markets, spilled over to the equity market, where prices fell back by half a percentage point.

The depressed tone was in spite of a number of measures in Wednesday's budget package – including cuts in corporate income tax, a fiscal amnesty for funds placed *abroad and return anonymity on* gold dealings – which would normally have been expected to boost the markets.

French banks also yesterday continued the recent round of interest rate reductions by lowering their base lending rate to 10.1 per cent from 10.6 per cent, effective Monday. The day-to-day interest rate on the Paris money markets fell to 7¾ per cent from 8¼ per cent, the lowest since 1979.

Bond market dealers yesterday called the state of the market "anguished" and said the fall in prices was limited only by intervention from the Caisse des Depots and the big French nationalised banks.

Opening selling on the newly inaugurated financial futures market was so large that prices could not be quoted until after midday.

Company treasurers, which have been placing increasing sums into the bond market through mutual funds, could be persuaded to channel surplus liquidity elsewhere now that revenues from these funds face a levy at the corporation tax rate of 45 per cent compared with a previous rate of between *zero* and 25 per cent.

Additionally, the Finance Ministry has closed a tax loophole which allowed individuals to escape paying tax altogether on a significant proportion of transactions in mutual funds and unit trusts. These investment institutions have mushroomed during the last few years and now command total portfolio investments of more than FFr 3bn ($417m) – an important factor be*hind the health of the French bond* and equity markets since 1983.

Susan Ellicott writes: The Napoleon – the gold coin traditionally used by Frenchmen to hoard their illicit wealth – soared in value on the Paris gold market yesterday after the Government announced that it was reviving anonymity in gold transactions.

The Napoleon rose by FFr 51 to FFr 589 after trading opened. The sharp rise follows the decision by the French Government on Wednesday to introduce anonymity into gold trading.

It is estimated that private holdings of gold in France are between 4,000 and 8,000 tonnes – more than that owned by all other European individuals put together. Much of this is rumoured to be stored in mattresses and up chimneys.

Wednesday's unexpected announcement is one of Mr Edouard Balladur's economic measures intended to channel these potential savings into more productive areas of investment and reverses the ruling introduced by the Socialists in 1981, which abolished anonymity on gold dealings. Such restrictions were implemented to curb tax fraud and evasion of the Socialists' wealth tax.

The lifting of restrictions, although not already enforced, trig*gered a rush of inquiries from pri*vate clients seeking cash transactions now that payments no longer have to be settled by cheque. French provincial banks also hurried to purchase gold, predicting a jump in prices once conditions of anonymity are imposed.

"Trade could double," said Mrs Josette Rassion, who runs France's largest gold trading establishment, Credit de la Bourse. Like other gold experts, Mrs Rassion would like to see a *cut in the 6 per cent sales tax* on gold deals. "Only then will small dealers come back to the Bourse instead of dealing on the black market," she said.

Mr Jean-Claude Martini, of Compagnie de Reescompte, France's largest dealer, said that a fall in sales tax to 3.5 per cent would be necessary to restore the Paris gold market to pre-1981 levels.

Paris bourse report, Page 46

London resists pressure to cut rates as sterling soars

BY GEORGE GRAHAM IN LONDON

THE Bank of England once again resisted pressure to cut bank base rates yesterday as sterling rose to its highest level against the dollar for nearly three years.

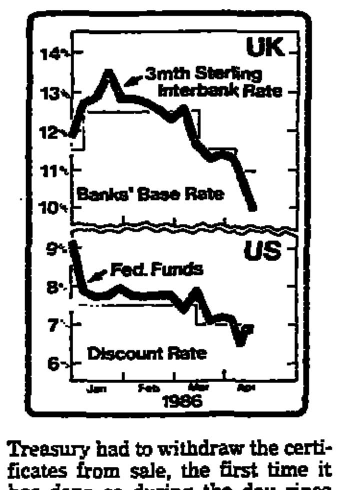
Money market interest rates fell to levels consistent with a half or even a full percentage point cut in base rates, but the authorities showed themselves unwilling to accept another cut so soon after last week's reduction to 11 per cent.

As speculation mounted over the likelihood of imminent cuts in the US and Japanese discount rates, Sweden cut its base rate by half a percentage point.

Investors' confidence that the US Federal Reserve would cut its discount rate today was shaken by the announcement of strong growth in the US economy in the first quarter, and bond markets fell back. Analysts said, however, that the announcement did not rule out a cut in the next few days, and they expected the Bank of Japan to follow suit.

In the UK, Government bonds and shares rose sharply in anticipation of lower interest rates, as *three-month interbank rates* dropped to 9$^{15}/_{16}$ per cent, more than one percentage point below current base rates.

British companies rushed to buy interest-bearing govenment certificates which can be used to pay tax *bills, as these offered returns con*siderably higher than those available in the money markets. The



Treasury had to withdraw the certificates from sale, the first time it has done so during the day since the end of January last year.

As much as £350m ($533m) of the certificates may have been bought, contributing to a significant shortage of liquidity in the money markets. The Bank of England signalled its reluctance to see lower base rates by not giving early help *to the money markets* and then by buying bills for repurchase in two weeks' time. The Bank usually buys bills from the discount houses outright in order to relieve money market shortages.

The FT Ordinary share index *rose 21.8 to end* at 1401.2, and government gilt-edged bonds rose by up to 1¾ points before slipping back when the news of buoyant US growth hit bond prices.

Sterling, meanwhile, gained nearly 2 cents to close at $1.5245, its highest level since August 1983. It made further gains against the D-Mark and the Yen, closing in London at DM 3.3925 and Y267.75. The Bank of England's effective exchange rate index rose 0.4 to end at 76.8.

The dollar remained weak against most currencies, giving up 2½ pfennigs to close in London at DM 2.2245. Against the Yen it was bolstered in Tokyo trading by intervention from the Bank of Japan, but it fell back again in Europe to end only fractionally higher at Y175.65.

In London trading the US Treasury long bond had reached 126$^{15}/_{32}$, but it dropped a point on news of the better than expected US economic activity. Much of the ground was recovered, however, as dealers focused on the continued lack of progress at the Opec meeting in Geneva, which brought the prospect of further weakness in oil prices.

The acute weakness of the dollar would normally be regarded as an obstacle to a cut in the US discount rate when economic growth was in line with the Fed's targets, but political and market momentum could still force a reduction, analysts said.

Poehl EMS call, Page 2; Money markets, Page 39

Strong growth by US economy

Continued from Page 1

expenditure and in oil and gas drilling.

The Commerce Department figures are a preliminary estimate for the first quarter which are expected to be revised, perhaps signficantly, as fuller information, particularly for trade and inventories, becomes available.

The department said that GNP rose at a real annual rate of $28.4bn compared with a $6.7bn rise in the fourth quarter. GNP price index, reflecting the improvement in the *inflation picture, increased* 2.2 per cent in the first quarter after rising 3.9 per cent in the fourth quarter of 1985.

On Wall Street, the stronger-than-expected first-quarter real GNP estimate injected a note of un*certainty into an otherwise bullish* market buoyed by discount rate cut fever.

Baker wants faster growth

Continued from Page 1

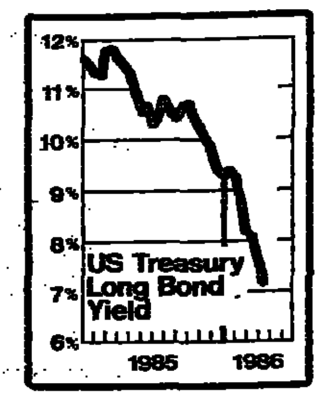
that the dismantling of farm subsidies should feature prominently in the next round of trade talks under the auspices of the General Agreement on Tariffs and Trade.

The US made clear yesterday that it wants a commitment from the OECD meeting for the trade *round to start this autumn follow*ing a planned ministerial meeting in Uruguay.

THE LEX COLUMN

Bonds throw off the shackles

If the world's central banks are indeed orchestrating a co-ordinated reduction in short-term interest rates, they are taking their time about it. Yesterday Sweden obliged *with a discount rate cut*, but almost everyone else was sticking to a policy of *noblesse oblige*. With short-term sterling rates centring on a figure of 10 per cent and federal funds trading below 7 per cent, there is ample room for a percentage point cut in official rates on both sides of the Atlantic.



Yesterday's US GNP figure might have been expected to cool the bond market's ardour. Growth of 3.2 per cent in the first quarter was way above most outside forecasts, but the markets seemed scarcely to notice. The latest industrial production and retail sales numbers contradict the GNP message, and when US bond yields are cheerfully penetrating the 7 per cent barrier, the good news carries more weight than the bad. If the foreign exchange markets had seriously expected the Federal Reserve to delay a discount rate cut beyond the weekend, they would not have *spent the whole day selling dollars.*

On the assumption that the Fed does move and is followed in short order by the UK and Japan, the only question is whether it cuts by the full point already discounted in the open market or by a more conservative half. Yesterday's GNP number may indeed reflect inventory accumulation and the benign effect of lower oil prices on the trade balance, but not all the indicators are pointing to a sluggish US economy. The Fed may judge that, in a volatile and frequently euphoric market, the endorsement of a full point cut would only have bond dealers howling for more.

Mowlem/SGB

Instead of fighting over the fate of a rattle, Tweedledee and Tweedledum have joined forces to rout the monstrous crow. Until yesterday's cosily fraternal bid from Mowlem for SGB, both companies would have been expected to figure among the stronger performers in the construction sector over the next couple of years. SGB had been galvanised by the threat of BET, or someone else, returning with a hostile bid; profits were already forecast to exceed the previous peak, six years ago. Mowlem has a finger in several interesting engineering projects – notably the London Stolport and the docklands railway – which held out chances of exceptional growth.

Mowlem's bid for SGB may put a stopper on all this. In order to avoid criticism *from* SGB holders, the terms are generous enough to dilute Mowlem's first-year earnings by a few per cent (despite overhead savings). Mowlem shares fell by 14p to 392p yesterday, dropping the value of the offer by about £12m. And there must be a suspicion that SGB has pulled out all the stops for the current year, leaving a comparatively flat period to come. The competitive advantage to Mowlem of doubling its equity base may be worth something, and so may the ability to develop SGB's surplus property. But that does not add up to much of an argument from industrial logic; the point, clearly, is that BET should be seen off.

Fund managers

When the fund managers themselves go public, say the cynics, you can be sure that the bull market has peaked. After Templeton's issue in February and GT Management's decision to float this summer there are a number of other candidates for a listing, such as the investment divisions of merchant banks and some independent groups. To be fair, most have specific reasons for seeking a quotation rather than just a desire to cash in at the top, assuming that they could spot such a moment anyway.

Most fund management groups are cash rich, *but their existing* shareholders need the money. In GT's case the problems at UK Provident, a shareholder, and the desire of directors and staff to have a ready market for their shares are the immediate motivation. The merchant banks need as much capital in their books as they can get as *Big Bang* approaches. And investment management is a peripheral business which raises all sorts of conflicts of interest.

Independent groups want a stock market quotation so that they can use their paper to buy other fund management groups. *Many* reckon that a computer-assisted fund manager can look after £1bn as easily as £100m. As salaries are the main cost, that can have a splendid effect on profitability, though Big Bang is pushing up the price of fund managers and investment analysts.

The bull market should give the debutants some good looking profits for their prospectuses, not only because fees are charged as a percentage of market value, but a rising market attracts more funds. When it comes to comparisons, managing unit trust money is much more profitable than pension funds, and these days the latter are almost as fickle as the former. Pension trustees may find that once quoted, managers will expect a higher return from them.

Jardine convertible

To issue an instrument that converts into somebody else's shares may sound a bit sharp, if you have not got the shares in question. But Jardine Matheson is in no danger of being unable to supply shares in Hongkong Land to the owners of its new convertible preference stock. In dropping Jardine's gearing by nearly 20 points, it can be represented that this deferred placing – of about 5% per cent of Land's equity – makes Jardine more capable of *standing behind Land* as a strong proprietor.

Although selling shares in a company seems an odd way of supporting it, assertions that Jardine intends to hold the remaining 30 per cent of Land as a long-term strategic investment can still be accorded some value. Had Jardine announced yesterday that it was proposing to sell the rump of Land, it would find precious few takers for the convertible. The paradox is that *in order to raise equity outside* Hong Kong in US dollars, Jardine needs to commit itself so firmly to its Siamese twin.

World weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	17	63	Dubrovnik	F	16	61	Malta	S	18	64	Rhodes	S	21	70
Algiers	F	21	70	Edinburgh	–	–	–	Manchester	C	6	43	Rio de J'o	R	29	84
Amsterdam	R	10	50	Faro	F	14	57	Manila	S	36	97	Rome	C	17	63
Athens	S	18	64	Florence	F	20	68	Melbourne	R	15	59	Salzburg	S	17	63
Bahrain	S	30	86	Frankfurt	F	10	50	Mexico City	R	25	77	San Francisco	S	18	64
Bangkok	S	35	95	Funchal	R	13	55	Miami	S	26	79	Seoul	S	17	63
Barcelona	F	17	63	Geneva	F	10	50	Milan	C	11	52	Singapore	T	27	81
Beirut	–	–	–	Gibraltar	F	16	61	Montreal	C	18	64	Stockholm	S	7	45
Belfast	C	5	41	Glasgow	C	7	45	Moscow	S	4	39	Strasbourg	F	12	54
Belgrade	S	20	68	Guernsey	R	5	41	Munich	F	13	55	Sydney	F	23	73
Berlin	F	15	59	Helsinki	S	6	43	Nairobi	C	22	72	Taipei	S	25	77
Biarritz	F	11	52	H. Kong	C	21	70	Naples	F	17	63	Tangier	C	13	55
Bombay	S	31	88	Innsbruck	F	15	59	Nassau	C	26	79	Tel Aviv	F	27	81
Bordeaux	H	7	45	Inverness	C	6	43	New Delhi	S	34	93	Tenerife	C	20	68
Brussels	R	9	48	Islamabad	S	33	91	New York	R	11	52	Tokyo	C	14	57
Budapest	F	18	64	Istanbul	S	17	63	Nice	F	15	59	Toronto	R	7	45
B Aires	S	18	64	Jakarta	R	31	88	Nicosia	S	26	79	Tunis	S	25	77
Cairo	S	38	100	Jersey	C	8	46	Oporto	C	9	48	Valencia	F	17	63
Cape Town	R	19	66	Jo'burg	F	21	70	Oslo	C	2	36	Venice	F	15	59
Caracas	C	29	84	Lima	S	24	75	Paris	C	8	46	Vienna	S	15	59
Casablanca	C	17	63	Lisbon	F	12	54	Peking	S	26	79	Warsaw	C	12	54
Chicago	S	14	57	London	C	10	50	Prague	F	15	59	Washington	–	–	–
Cologne	F	12	54	Los Angeles	S	22	72	Reykjavik	C	5	41	Zurich	–	–	–
Copenhagen	C	9	48	Luxembourg	C	10	50								
Corfu	S	29	84	Madrid	C	9	48								
Dallas	–	–	–	Majorca	S	16	61								
Dublin	C	6	43	Malaga	F	16	61								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Kimberley-Clark may pull out of SA

BY PAUL TAYLOR IN NEW YORK

KIMBERLY-CLARK, the US paper products group whose brand-name products include Kleenex tissue, *yesterday threatened to sell its mi*nority interest in Carlton Paper, a South African affiliate.

The Dallas-based group threatened the action unless Carlton's largest South African shareholder, Gencor, agress to allow Carlton to promote actively the so-called "Sullivan code" covering desegregation and fair employment.

Kimberly-Clark's move, the latest in a series of actions by US corporations in response to anti-apartheid pressure, was disclosed by Mr Dawin Smith, chairman and chief executive, at the annual shareholders' meeting. Kimberly-Clark has a 39 per cent stake in Carlton Paper, a *leading South African group with* over 1,500 employees.

Mr Smith told shareholders that the US group would divest its Carlton stakeholding unless Carton's owners permitted the company "to strive for the highest principles to which Kimberly-Clark is committed."

"We felt that having signed the principles, Carlton should pursue an objective of obtaining the higher rating, and we were led to believe that Gencor agreed," said Mr Smith. However "recently we have had indications that certain elements within Gencor are opposing Carlton's efforts to reach this objective.

"If we discover that Gencor's origional concurrence was tongue-in-cheek with no intention of achieving the highest rating, then I believe we should divest ourselves of *ownership in Carlton.*"

Separately Kimberly-Clark yesterday reported a modest 1 per cent increase in first-quarter net income to $73.2m, or $1.60 a share, compared with $72.3m, or $1.58 a share, on sales which grew by 4 per cent to $1.04bn from $1bn.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday April 18 1986

American Express unit profits rise despite loss reserve

BY PAUL TAYLOR IN NEW YORK

SHEARSON LEHMAN, the Wall Street securities firm and American Express subsidiary, has set up a $80m pre-tax reserve to cover potential losses stemming from the collapse of the tin market and the London Metal Exchange's decision last month to settle all open tin contracts at a fixed price.

Despite the establishment of the reserve, American Express said Shearson's first-quarter net income almost trebled to $90m while the parent company's earnings as a whole more than doubled to $321m or $1.40 a share from $151.6m or 67 cents a share – buoyed by the sale of its cable television interests and a sharp 37 per cent increase in revenues.

Although Shearson, a major trader on the LME, had been expected to establish the reserve, there had been considerable speculation about its size and impact on American Express earnings. American Express said yesterday that Shearson added $55m in the latest quarter to a $5m reserve first established late last year.

The group noted that even after the establishment of the reserve, designed to cover potential trading and bad debt losses sustained by the company and its British Affiliate, Shearson Lehman Metals, Shearson Lehman Brothers' net income jumped from $31m in the year-old period on revenues "that exceeded $1bn."

American Express declined to estimate the precise impact of the reserve on its first-quarter earnings, but Wall Street analysts estimated that it reduced the parent company's net earnings by a little less than $30m. The group's first-quarter net earnings, equivalent to $1.48 a share compared to 67 cents a share a year ago, came on revenues which jumped to $3.61bn from $2.63bn in the 1985 period.

The surge in profits partly reflected a $140m after-tax gain on the sale of the group's 50 per cent stake in Warner Amex Cable Communications. However American Express noted that this gain was offset by about $80m in discretionary expenditure.

The group also noted that it recorded a $35m gain from a pension accounting change in the latest period but said that more than half this gain was offset, mainly by losses on securities transactions.

Among its other business units American Express said net income from its travel-related services unit (TRS) increased by 15 per cent to $99m in the latest quarter fuelled by a 16 per cent increase in charge card volume to $14.4bn.

Tobacco groups forge ahead

By William Hall in New York

PHILIP MORRIS and R.J. Reynolds, the two big US tobacco conglomerates which are in the middle of digesting their respective multi-billion dollar acquisitions of General Foods and Nabisco Brands, reported double digit profit increases and showed that in the short term at least Philip Morris' shareholders were benefiting most from their efforts to cut their dependence on profits from the embattled tobacco industry.

Philip Morris's first-quarter net income rose by 23 per cent to $316m and earnings per share rose by 24.5 per cent to $1.32 per share. R.J. Reynolds Industries' earnings rose 13 per cent to $208m during the same period, but its earnings per share of 86 cents were unchanged from the first quarter of 1985, reflecting dilution of 19 cents a share as a result of the Nabisco Brands acquisition last summer. It said the dilution "probably would be less than 10 per cent for the full year."

Mr Hamish Maxwell, chief executive of Philip Morris, said: "Philip Morris USA posted slightly lower revenue than in the first quarter of 1985. First-quarter unit volume declined for both Philip Morris USA and the industry due to large trade inventory adjustments which followed the December 1985 cigarette price increase."

Philip Morris International's operating revenue increased strongly over the first quarter of last year. Greater exports contributed to an increase in total international cigarette volume. In addition, the weaker US dollar had a positive effect on foreign currency denominated revenue.

R.J. Reynolds said its global tobacco sales rose 10 per cent, increasing to $1.9bn, and earnings from operations were up 17 per cent at $352m.

William Hall reports on high profits in the US industry

Dow leads chemicals recovery

DOW CHEMICALS, the second biggest US chemicals company, reported a 59 per cent jump in first-quarter net income to $175m or 92 cents a share.

Several other leading US chemicals companies also reported sharply higher first-quarter earnings underlining the scale of the recovery in the world chemicals industry in the last few months.

Dow's latest sales totalled $2.85bn, and Mr Paul F. Oreffice, Dow's chief executive, said the results were the best quarterly performance since the comparable period of 1981.

The results reflected the benefits of the recent cost reduction programmes at Dow, which are particularly evident in its basic chemicals and basic plastics business, and an improved environment for many Dow businesses.

Dow recently cut its worldwide workforce by 2,700, and the cost savings came at a time of relatively high rates of production and stable or improving price conditions.

World demand for Dow's high volume plastics and other products was supported by continued strength in Western European economies and an upward trend in business conditions in the Pacific region. Declining oil prices bolstered performance in these regions and helped make Dow more competitive through decreased hydrocarbon costs around the world.

Monsanto's first-quarter earnings rose 36 per cent to $118m or $1.52 per share. Mr Richard Mahoney, the chief executive, said the results reflected "improved worldwide economic conditions" as well as the effects of recent cost reduction programmes.

Hercules, the Delaware special chemicals group, reported a 27 per cent increase in net income to $45.4m or 81 cents a share and the group reported sales and operating profits increases across nearly all the company's main businesses. Sales were only marginally higher at $645.2m.

W.R.Grace, the US special chemicals group, which has had an erratic financial performance in recent years leading to takeover speculation, made heavy losses on its fertiliser business. It announced a first-quarter loss of $3.1m or 8 cents a share on its continuing operations.

The loss compared with earnings of $39.2m or 75 cents a share in the same period of 1985. The group reported a pre-tax loss of $5.6m from continuing operations in the first quarter, which compared with a profit of $62.1m in the same period last year. Sales rose 6.2 per cent to $1.25bn.

HENKEL, the West German applied chemicals group, said it planned a worldwide joint venture company for water-soluble polymers with Hercules of the US.

A Henkel statement said the new company, in which Henkel and Hercules would each have 50 per cent stakes, would group their water-soluble polymer business and production plants. It will have an annual turnover of about $350m.

Henkel said the two companies had signed a letter of intent and the final contract should be agreed at the beginning of next year. Both companies said they would be strengthened by the venture.

Xerox blames market softness for 21% decline in earnings

BY OUR NEW YORK STAFF

XEROX, the diversified US office equipment group, posted a larger than expected 11 per cent decline in first-quarter net income and a 21 per cent drop in earnings from continuing operations. The group, which said its financial services business performed well, blamed "the industry-wide softness" of the US office equipment market.

The Stamford, Connecticut, group said net earnings declined to $101m or 92 cents a share from $114m or $1.06 a share, while earnings from continuing operations fell to $101m from $127m or $1.20 a share a year ago.

Mr David Kearns, Xerox chairman and chief executive, who had earlier warned that the first-quarter earnings comparison "would be difficult," said the profit drop was "more than anticipated."

Profits from Xerox financial services "increased significantly," contributing $63m to earnings in the latest quarter, up from $34m a year ago. "Profits in our reprographics and information systems business were lower than expected due to the industry-wide softness in the office equipment market, which limited revenue growth."

The improvement in earnings in its financial services operations primarily reflected better results at Crum and Forster, its property and casualty insurance subsidiary, together with higher portfolio securities gains.

In contrast the group said income from its core copier and computer business fell by 59 per cent to $38m from $93m a year ago on operating revenues from sales, rentals and service which grew by a modest 4 per cent to $2.03bn from $1.95bn.

The main factors causing the decline in copier/duplicator and systems businesses were limited revenue growth, planned higher investments for research and development and expenses to launch an array of new systems products introduced in the past year.

The group also noted that 1985 first-quarter earnings were helped by a $12m property gain – offset by a $13m loss from discontinued operations.

Looking ahead, Mr Kearns said he expected profits from the financial services operations to continue to show substantial growth but added that revenue and profits from the reprographics and information systems business would be "critically dependent on the overall level of economic activity and improved customer demand for office equipment."

Amev raises payout for 1985

By Our Financial Staff

AMEV, the number three Dutch insurance company, is raising its dividend for 1985 following an increase in net profits of about 20 per cent.

Earnings have moved up to Fl 307.6m ($123m) for last year against Fl 258.8m in 1984. The company is paying a dividend of Fl 1.80 a share, up from Fl 1.65 a year earlier.

Total group revenues rose to Fl 7.51bn from Fl 5.76bn – a gain of 30 per cent compared with growth of more than a third at the halfway stage.

The results compare favourably with those recently reported by the biggest Dutch insurer, Nationale-Nederlanden. Held in check by currency movements, NatNed revenues dipped and profit growth was limited to 4 per cent.

Solvay lifts dividend

BY OUR FINANCIAL STAFF

SOLVAY, the Belgian chemicals group, reports little change in profits for 1985 but is lifting its dividend to BFr 300 a share from the BFr 270 of 1984.

The group, which recently unveiled plans for the $117m takeover of Reid-Bowell of the US, says turnover last year totalled BFr 225.4bn ($4.9bn), up marginally from the previous BFr 223.7bn. Net profit was BFr 8.14bn, against BFr 8.05bn.

For some time Solvay has been predicting slow trading for both 1985 and 1986, but it hopes for better progress thereafter as the benefits of acquisitions and an improved product mix work their way through.

US aluminium producers' results mixed

By Our Financial Staff

ALUMINUM Company of America and Reynolds Metals, respectively the largest and second biggest US aluminium producers, have announced contrasting first-quarter results.

Alcoa yesterday posted a sharp decline in net earnings from $6.7m or 8 cents a share in the 1985 quarter to $1.4m or 1 cent, with currency factors the main culprit. Exchange losses were $16.1m in the latest quarter, mostly related to equity-accounted companies in Australia and Brazil. A year earlier the decline of the Australian dollar brought gains of $11.3m.

Sales slipped from $1.3bn to $1.17bn, while aluminium shipments dropped from 458,000 tons to 397,000.

Reynolds Metals, however, more than doubled net earnings from $7m or 31 cents a share to $14.3m or 51 cents. The latest quarter includes a $4.2m gain from use of tax loss carry-forwards, while the 1985 figures reflect a $2.5m gain from a legal settlement.

Mr David Reynolds, chairman and chief executive, said producers' stocks declined in the first quarter, and demand – partly stimulated by hedge-buying in anticipation of higher prices and labour negotiations – was strong.

He said increasing prices for ingots and fabricated products should produce a further improvement in second-quarter results.

Algoma Steel plans to cut workforce by fifth

BY BERNARD SIMON IN TORONTO

ALGOMA STEEL, Canada's third largest steelmaker, is to lay off 1,500 workers, equal to almost a fifth of its workforce, as part of a far-reaching plan to improve the loss-making company's performance.

Algoma, 61 per cent owned by Canadian Pacific, announced a C$50m (US$38.4m) modification of its steel-making operations, including the elimination of ingot production and expansion of continuous casting for all remaining output. These changes will cut Algoma's annual raw steel production capacity from 3.5m tons to 2.5m tons.

The company also plans to reduce its C$660m long-term debt by selling assets, reducing working capital requirements and possibly issuing new equity. Algoma has lost C$216m since 1982 and this week reported a first-quarter operating loss of C$1.3m.

Dr John Macnamara, chairman, said the outlook for the rest of 1986 was "not encouraging," especially if oil prices remained depressed. The restructuring could boost pre-tax earnings by C$80m-100m a year. With a product mix orientated towards steel plate, tubes and rails, Algoma relies heavily on customers in the energy, construction and transport industries.

Dr Macnamara said shipments to both the US and Canada had been seriously affected by cuts in oil and gas exploration and drilling.

Krupp Stahl continues earnings recovery

BY RUPERT CORNWELL IN BONN

KRUPP STAHL, part of the Krupp industrial group and the largest producer of special steels in Western Europe, reported profits had more than doubled last year to DM 57m ($25.9m). The company was expecting a further improvement for 1986.

The performance marked another step in the group's recovery from the crisis of 1983 when it registered a deficit of DM 344m. In 1984 this was turned into a slender profit of DM 23m as a harsh restructuring programme – which cost 14,000 jobs – and a stabilised steel market fed into its figures.

These factors continued to be felt last year. Krupp meanwhile had already announced its intention to trim its 28,000 workforce by a further 2,000 by the end of 1987, a measure caused in part by the collapse of its plans to merge with Klöckner Werke, another large West German steel producer.

Krupp Stahl turnover last year rose by 3 per cent to DM 6.3bn, of which more than half was accounted for by special steel output.

Weak rand depresses Freegold

By Kenneth Marston, Mining Editor, in London

FREE STATE Consolidated Gold Mines (Freegold), the world's biggest mining complex, has reported its results for the first time as part of the March quarterlies from the South African gold producers in the Anglo American Corporation.

Freegold was formed out of the merger of the Orange Free State gold mines of President Steyn, President Brand, Free State Geduld and Western Holdings. It has produced 26,856 kilogrammes (almost 27 Tonnes) of gold in the latest quarter compared with 27,158 kg for the December quarter.

In common with other South African gold producers Freegold received a lower rand price – down 10.8 per cent – for its output as a result of the quarter's less favourable exchange rates. This, coupled with a fall in quarterly uranium income, reflecting delayed sales, has resulted in the net profit falling to R189.8m ($94.9m) from R228m.

Freegold is declaring an interim dividend of 180 cents for the year to September 30. First interims are also announced by the holding companies: newly created Orange Free State Investment (Ofsil) is paying 417 cents, while the reconstructed Welkom Gold Holdings is paying 107 cents.

The group's Ergo dump retreatment operation is increasing its final dividend for the year to March 31 to 47.5 cents making a total of 85 cents against 80 cents for 1984-85. March quarter profits have risen at net level as a result of a tax recoupment.

French fund heads for Paris bourse

BY DAVID MARSH IN PARIS

MR PIERRE MOUSSA, the French financier and former chairman of the Paribas group, is setting up a FFr 850m ($118.7m) Paris-based securities fund to build up investments in French companies in the next few years.

The fund, subscribed by many leading French investment institutions and banks, will be run by a company called France Developpement (Frandev), planned to be introduced on the second marché, or unlisted section, of the Paris stock market in June.

The move is the latest step in a series of financial initiatives undertaken by Mr Moussa since he resigned from Paribas in October 1981 amid a political row over his successful efforts to remove part of Paribas' foreign assets from the Socialist Government's nationalisation net.

Mr Moussa, chairman of the London arm of Dillon Read, the US investment bank, is expected to become chairman of Frandev when the company is formally established next month.

Pallas, the international investment group set up by Mr Moussa in 1984, will take a small stake in Frandev along with Finance et Développement, the French merchant banking arm of Dillon Read's London operation.

The main shareholders will, however, be a powerful group of French institutions, including the big three nationalised insurance groups: Union des Assurances de Paris, Assurances Générales de France and Groupe des Assurances Nationales.

UAP will be the biggest single shareholder with 12 per cent of Frandev's capital. Other members of the main shareholding pool include the Caisse des Depots financial institution, the Banques Populaires, Credit Mutuel and BRED banking groups and the Omnium Financier de Paris investment group majority owned by the state-controlled Total oil company.

Mr Moussa is also helping to put together a $50m US investment fund designed to channel investments into French securities. Called the France Fund, this is to be formally established next month in New York.

Frandev will invest mainly in French shares but will also place money in bonds. It aims to profit from any buying opportunities which could arise from the French Government's privatisation programme during the next few years. It will also build up a portfolio in other stocks, both listed and unlisted.

The share offering on the "second marché," for which Frandev already has authorisation from the Commission des Operations de Bourse, the French stock exchange regulatory body, will bring the shareholding in the company of private investors up to at least 10 per cent from the planned figure of 8 per cent when it is constituted next month.

Mr Moussa is bringing on to the Frandev board chairmen of top French industrial and financial groups with whom he built up links while at Paribas. They include Mr Georges Pebereau (Compagnie Générale d'Electricité), Mr Jacques Calvet (Peugeot), Mr Gilbert Trigano (Club Mediterranée), Mr Francois Dalle (Oréal) and Mr Didier Pineau Valencienne (Schneider). Only CGE out of this list is taking a stake in Frandev, however.

هكذا من الأعمال

INTERNATIONAL COMPANIES and FINANCE

Renault trucks unit cuts monthly losses

BY PAUL BETTS IN PARIS

RENAULT Vehicles Industries (RVI) the large truck manufacturing subsidiary of the troubled French state-owned Renault car group, is currently losing less than FFr 100m ($13.9m) a month compared with about FFr 150m a month last year and FFr 200m a month in 1984.

Mr Philippe Gras, head of the French truck group, said yesterday that the figures reflected the slow overall improvement in RVI's performance.

RVI is recovering more quickly than the Renault group as a whole, which recently reported losses of FFr 10.9bn for 1985. The French truck subsidiary saw its net losses last year decline to FFr 1.5bn from FFr 2.988bn the previous year.

Renault's entire truck operations, including the group's 40 per cent stake in Mack of the US, lost FFr 1.96bn last year compared with the previous year's FFr 2.13bn deficit. The truck operations, including RVI, Mack and their subsidiaries, had total sales of FFr 33bn last year, produced 65,328 trucks of over 5 tonnes, and employed 41,600 people.

Mr Gras said his target was still to return the combined consolidated Renault and Mack operations to profit by 1988, adding that the recovery was "slow and gradual." RVI was beginning to reap the fruits of its restructuring in France, despite the poor conditions of the domestic market. Last year the group cut more than 2,000 jobs, bringing its French workforce down to 22,881 at the end of December from 24,809 12 months earlier.

Although RVI's domestic market share fell to 39.4 per cent last year, Mr Gras expects his group to return more than the 40 per cent level this year. RVI's share of the French market was 42 per cent in 1984.

In the US Mack operated near break even last year although the US group reported a loss of $59.2m. This reflected the heavy provisions to cover restructuring costs. Mack is in the process of replacing its old Allentown assembly plant by a new plant in South Carolina with a lower production capacity of 70 trucks a day compared with Allentown's, 100 a day but with 45 per cent better productivity, Mr Gras said. This investment involves about $80m.

First City bank acts to bolster reserves

BY WILLIAM HALL IN NEW YORK

FIRST CITY Bankcorporation of Texas, one of the banks most exposed to the slump in world prices, reported a first-quarter loss of $232.4m after making a special $275m provision to strengthen the loan loss reserves.

Mr James Elkins, First City's chairman, said the action "assumes the continuation of the present unsettled conditions in the energy sector. While we cannot predict with certainty results for the full year, by providing for this condition now, we anticipate returning to a positive level of operating earnings."

First City said it had made the latest provision based on a range of assumptions about oil prices including posted prices for West Texas Intermediate dropping to $13 a barrel and spot prices dropping to $10 per barrel. It was also working on an average natural gas price of $1.50 per thousand cubic feet.

As a result of the loss, First City's shareholders' funds have fallen from $974m at end-1985 to $738m at the end of March. However, the group has total primary capital of $1.2bn, or 7.8 per cent of assets, and its loan loss allowance of $377.7m is equal to 3.48 per cent of loans.

Non-performing assets at the end of the latest quarter amounted to $648.6m or 5.91 per cent. The increase was primarily energy-related.

First Interstate, the Los Angeles group, said net earnings advanced to $79m or $1.71 a share from $71.49m or $1.59 a share a year ago fuelled by a 10.7 per cent gain in net interest income which helped offset substantially higher loan write-offs and loan loss provisions.

Bank of Boston, the fast expanding Boston-based regional banking group, reported first-quarter net earnings of $52.4m or $1.23 a share compared with $43.9m or $1.10 a share a year earlier.

Norwest, the Minneapolis banking group and the 21st largest in the nation, said net earnings slipped in the first quarter to $27.1m or 80 cents a share compared with $28.3m or 85 cents a share a year ago.

Crocker National, San Francisco subsidiary of Britain's Midland Bank Group, which is being sold to Wells Fargo for more than $1bn, reported a further improvement in its earnings performance. The group said net earnings jumped to $24m from $9m in the year ago quarter, and the return on average assets improved to 0.51 per cent from just 0.16 per cent a year ago.

Mr Frank Cahouet, Crocker's chairman, said the earnings, "demonstrate our success in streamlining our organisation and reducing costs over the past two years." Crocker's net interest income grew to $172m from $167m a year ago, while operating expenses fell from $186m to $174m.

Crocker said its loan loss provisions in the latest quarter totalled $28m compared with $25m a year ago. Net charge-offs dropped to $24m from $26m and the resulting reserve for possible loan losses stood at $244m or 2.02 per cent of loans at the end of March compared with $299m or 1.93 per cent a year earlier.

Non-performing loans fell to $238m from $254m at the end of December and $1.07bn a year ago before Midland acquired $800m of troubled loans from the subsidiary.

Rockwell earnings up 3.7% in quarter

By Our New York Staff

ROCKWELL International, the US defence, electronics and components group, achieved a 3.7 per cent increase in earnings in the second quarter of its fiscal year, and forecast "somewhat improved" earnings for the whole of 1986.

Net income amounted to $160.3m, or $1.07 a share, against $154.6m, or $1.05 a share, in the same period of 1985, while sales increased to $3.1bn from $2.6bn.

The main impetus behind the profits increase came from the aerospace division, where operating earnings increased to $153m in the quarter from $131m due to increased deliveries of the B-1B bomber and favourable contract adjustments on other programmes.

Profits in the electronics and general industries businesses were up slightly from last year, while automotive operating earnings dropped sharply to $43.6m from $62.2m, mainly due to a decline in heavy-duty truck volume.

AT&T lifts profits sharply in quarter

BY LOUISE KEHOE IN SAN FRANCISCO

AT&T, the US telecommunications group, reported net earnings of $530m or 47 cents per share for the first quarter, a significant improvement on its 1985 first quarter earnings of $354m or 31 cents per share.

Revenues for the first three months of 1986 were $8.75bn compared with $8.308bn in the same period a year ago, as reported briefly yesterday.

On Wall Street the company's stock price rose by $2 to $24⅝ in early trading following the earnings announcement.

Mr Charles L. Brown, AT&T chairman, said the company's earnings "are not yet satisfactory," however, AT&T's goal was to achieve a 20 per cent return on equity, up from the 12 per cent in the first quarter.

Mr Brown, who plans to retire in August after seven years as chairman, told shareholders at the company's 101st annual meeting in San Francisco that a successor would be announced at a later date.

The company noted that first quarter 1986 results included a significant change in accounting for pension expenses, which added earnings of $100m or 9 cents per share.

The company had "strong growth in both our domestic and international long distance telephone business and continued strength in sales to the telephone industry," said Mr Brown.

"These achievements were offset, however, by continued sluggishness in the market for computers, electronic components and office communications equipment."

Mr Brown confirmed AT&T was severing its business ties with South Africa, which he described as "miniscule." The move reflected his personal objections to apartheid and those of AT&T employees.

Wickes raises offer

BY OUR FINANCIAL STAFF

WICKES, the big US building materials retailer, yesterday raised the stakes in the bid battle for National Gypsum by lifting its offer from $54 a share to $60, valuing the second largest US plasterboard producer at $1.37bn.

The offer comes three days after a management-led buyout group raised its offer to $46 a share in cash and $28 in paper, which analysts value at about $64. In early trading yesterday National Gypsum's shares were down $1⅛ at $62¼.

Wickes said yesterday the company now held 300,000 National Gypsum shares, or 1.3 per cent of the total outstanding. It said its investment bank, Drexel Burnham Lambert, was "highly confident" it could obtain the financing needed to complete the deal.

AMR hit by discounting in US

BY OUR FINANCIAL STAFF

AMR, parent company of American Airlines and one of the leading US carriers, blamed severe price discounting on domestic routes for a sharp drop in earnings in the first quarter.

Net income fell to $4.2m, or 4 cents a share, from $60.2m, or $1.07 a share, in the same period of 1985, while revenues increased 5 per cent to $1.46bn from $1.39bn.

The increase in air travel stimulated by cheap tickets was demonstrated by American's increased number of scheduled flights in the first quarter – 11.5bn scheduled passenger miles were flown against 9.8m in 1985.

Mr Robert Crandall, chairman, said the earnings reflected a substantial decline in average ticket prices. "During the quarter we carried very heavy passenger and freight volumes, paid lower prices for fuel, made further progress in our effort to control costs and implemented another phase of our growth plan. Unfortunately, the impact of these favourable developments was masked by the very sharp decline in the price we were able to charge for our products."

Danish group seeks DKr 32m

MONBERG & THORSEN, construction and consultant engineering contractors, plan a combined scrip and rights issue to increase share capital by a nominal DKr 32m ($3.8m). About DKr 24m will be raised with a rights issue priced at 600 per cent of par raising DKr 144m, writes Hilary Barnes in Copenhagen.

Earnings before tax increased from DKr 42m to DKr 84m last year

RCA boosted by strong performance of TV unit

BY TERRY DODSWORTH IN NEW YORK

RCA, the US entertainment and consumer electronics group which will shortly be merged with General Electric, increased its earnings by 13 per cent in the first quarter of this year due to a strong performance by its NBC television subsidiary and its aerospace and defence activities.

Earnings rose to $73.4m, or 77 cents a share, from $65m, or 58 cents a share in the first quarter of 1985. Sales reached a record $2.29bn compared with $2.07bn a year earlier.

The strength of NBC, which is benefiting from a popular prime-time schedule, was demonstrated by a 24 per cent leap in sales and a 50 per cent jump in earnings during the period, when the company established record financial figures.

The aerospace and defence division also swept to its highest sales and earnings levels, while the RCA service subsidiary and the music and video activities recorded increases. Prices on televisions and VCRs were increased in the consumer electronics division.

U.S. quarterly results

AMERICAN HOME PRODUCTS
Drugs, household products

First quarter	1986 $	1985 $
Revenue	1.26bn	1.27bn
Op. net profits	195.9m	180.9m
Op. net per share	1.30	1.16

AVON PRODUCTS
Cosmetics

First quarter	1986 $	1985 $
Revenue	413m	348.6m
Op. net profits	15.7m	23.1m*
Op. net per share	0.21	0.29*

* Includes [illegible] discontinued operations

DUN & BRADSTREET
Business information

First quarter	1986 $	1985 $
Revenue	751.8m	625.2m
Op. net profits	84.9m	68.3m
Op. net per share	1.12	0.90

ENSERCH
Gas utility, energy

First quarter	1986 $	1985 $
Revenue	811.8m	980.9m
Op. net profits	18.1m	46m
Op. net per share	0.23	0.60

STANLEY WORKS
Tools, industrial products

First quarter	1986 $	1985 $
Revenue	324.2m	278.9m
Op. net profits	14.7m	14m
Op. net per share	0.53	0.52

STORAGE TECHNOLOGY
Computer peripherals

First quarter	1986 $	1985 $
Revenue	181.5m	182m
Op. net profits	5m	†29.7m
Op. net per share	0.14	†0.86

†Loss

UNITED ARTISTS
Entertainment

Second quarter	1985 $	1986 $
Revenue	101.2m	57.5m
Net profits	10.1m	†35.6m
Net per share	–	–
Six months		
Revenue	179.5m	127.6m
Net profits	11.6m	†38.2m
Net per share	–	–

†Loss

Lloyds German arm maintains strong growth in earnings

BY JONATHAN CARR IN FRANKFURT

SCHROEDER, Münchmeyer, *Hengst* (SMH), the West German private bank wholly owned by *Lloyds Bank of* Britain since 1984, raised earnings sharply again in the first quarter after boosting 1985 operating profit by more than 50 per cent.

Mr John Hobley, chief executive, said securities business remained buoyant after last *year's* almost unprecedented surge, and credit demand, restrained for much of 1985, was now picking up well.

The bank planned to intensify links with medium-sized industrial customers in particular, often export-oriented and able to benefit through SMH from the Lloyds international network. The same Lloyds link would also be valuable for the bank's recently-established mergers and acquisitions unit.

Mr Hobley expected the market for new financial instruments to develop well in Germany *after a relatively slow* start — and SMH would be active in it. *He noted that* last year the bank had been involved *in swap operations and had co-*led the first revolving underwriting *facility (RUF)* for a German client.

The bank's executives said that SMH *had now fully* recovered — both internally and with respect to customers —from the shocks in late 1983 involving the bank of the same name.

The former SMH nearly collapsed after overlending to IBH, the building machinery *group which later filed for bank*ruptcy. Lloyds swiftly bought up healthy parts of the old SMH, including the investment banking and some of the commercial banking operations, and merged them with the German activities of Lloyds Bank International.

The merger was completed last April and created a group which, *at the end of last year*, had total assets of DM 1.8bn *($800m), business volume of* DM 2.4bn and more than 400 *employees in six German cities.*

Japanese trading groups in joint venture

By Carla Rapoport in Tokyo

THREE OF Japan's largest trading houses have decided to start an international communications group which will aim to serve large corporate customers.

The three, *Mitsubishi*, Mitsui and Sumitomo, have agreed to launch a feasibility study on the project next month, with the goal of starting up the new company within two years.

The new group will aim to supply the whole range of *international communication* services to a select group of *corporate users. It is ex*pected to seek a joint-*venture partner, as none of the* three companies has detailed expertise in this area.

Partners which are understood to be under consideration include British Telecom, Cable and Wireless, RCA and ITT.

"The trading companies are *looking for new busi*nesses to insure future *growth," said a Sumitomo* executive yesterday. Most *trading companies are* heavily geared to export-oriented activities. As Japan is under heavy pressure to export less and consume more domestically, the trading companies are also trying to shift gears.

Sumitomo said the new company was being developed *with guidance from* Kokusai Denshin Denwa (KDD), *Japan's main international* telecommunications company. "*Our business target* is to be the second KDD," said Sumitomo.

● YAMAICHI SECURITIES, one of Japan's biggest four securities firms, has established an international leasing firm in New York in conjunction with A. Johnson *of* Sweden and Equitable Life Leasing of the US, Kyodo *reports from Tokyo.*

The new firm, Consortium *Leasing, is capitalised at* some $1m. More than 99 per cent of the capital is owned one-third each by the three firms and the remainder by management officials of the new firm, including Mr Millard Chiang, the president.

Half the leasing activities of the new firm will be directed at the Chinese mainland *and the other half at* the US market.

Bond seeks to lower debt with A$196m rights issue

BY LACHLAN DRUMMOND IN SYDNEY

BOND CORPORATION Holdings, master company of Mr Alan Bond's brewing, entertainment and property group, is seeking A$196*m* (*US$140m*) from its shareholders after spending more than A$1.5bn of mostly borrowed money on takeovers in the past six months.

The one-for-two rights issue at A$2 *a share compares with* a current market price of A$3.50. *The cash to be raised* is almost equal to the total capitalisation of Bond Corporation a year ago—a reflection of the market's rerating of Bond since it completed its A$1.2bn takeover of Castlemaine Tooheys, the brewing group.

Directors said the funds would be used initially to reduce debt, with the resulting stronger capital base enabling future strategic expansion of group *activities.*

The cash call comes as Westpac, Australia's largest bank, is about to *refinance* the bulk of Bond's borrowings through a $A1.3bn syndicated credit facility.

The new shares are to rank for the final dividend this year and directors expect to maintain the existing annual dividend rate of 10 cents on the expanded capital base.

At June 30 last year Bond's net debt—including short term preference shares—was about A$620m, supported by shareholders' funds of A$260m.

The company has since raised A$71m in Swiss franc debt, borrowed A$1bn for its takeover of Castlemaine, laid out A$300m on buying and refinancing Screen Entertainments in the *UK and a further* A$40m on Pittsburgh Brewing in the US.

At the same time, Castlemaine has yielded up around A$250m in cash, with a *further* A$300m to come from the sale of the brewer's pubs.

Wormald to float overseas units

BY OUR SYDNEY CORRESPONDENT

WORMALD INTERNATIONAL is to raise A$100m (US$71.7m) through a one-for-three rights issue, as part of a financial restructuring which will float the bulk of its international fire protection and security interests in a company to be listed initially in the UK and Australia and later in the US.

The flotation will include the group's protection and security interests in North and South America, continental Europe and the UK, leaving the Australian, Asian, African and Middle East activities—and the Mather & Platt pub business in the UK—with Wormald.

The operations to be floated *will generate about 60 per cent* of group sales — or about *A$530m—and are estimated to* have earned about A$13m net in the year to June last, with earlier forecasts pointing to sales of A$660m and profits of A$16m or more this year.

The Wormald directors noted the higher market ratings given to fire protection and security companies in overseas bourses. Wormald stands at a multiple of about 10 times expected earnings for 1985-86. If the new offshoot alone achieved a 15 times multiple it would produce a valuation of A$240m compared with a total capitalisation for Wormald *on* its Australian rating of A$320m.

Wormald's payment on exchange of the businesses will come from shares in the new company, as well as part of the cash to be raised from *the planned flotation* of 40 per cent of the company.

The rights issue is at A$3.40 a share against a market price of *A$4*. About half the funds will be applied to recent acquisitions and working capital needs, with the rest used to reduce debt and restructuring ahead of the float. The new shares rank for the final dividend this year and the 20 cents a share annual dividend rate is expected to be maintained on the increased capital.

Mass Transit Railway doubled losses last year

BY DAVID DODWELL IN HONG KONG

HONG KONG's Mass Transit Railway Corporation (MTRC), which operates the territory's 38.6m underground railway system, yesterday reported losses for 1985 of HK$ 794m (US$ 102m) — almost double the $355m lost in 1984, but better than forecast as falling interest rates have reduced debt servicing costs.

The corporation, Hong Kong's *most* heavily indebted company (debts at the end of 1985 *amounted to just under* HK$18.7bn), confirmed its intention *to continue tapping the* international capital markets to fund its debt by unveiling plans for a US$ 100m Eurocommercial paper issue to be managed by Morgan Guaranty, Merrill Lynch and Warburg.

The MTRC raised HK$ 5.64bn last year, much of it in the capital markets, and fund raising on a similar scale can be expected this year. A HK$ 400m bond due to mature in June is *likely to be replaced by a new* fixed rate borrowing arranged *in London.*

Debts incurred building the HK$ 25bn system — which carries an average of 1.45m passengers a day — are expected to peak next year at about HK$ 21bn. Mr Wilfred Newton, the corporation's chairman, forecasts a positive cash-flow by the early 1990s, and repayment of debt by the turn of the century.

The MTRC's operating profit in 1985 amounted to HK$789m, *against HK$647m in 1984, as* total revenue rose by over 23 per cent to HK$1.44bn (HK$1.17bn). But after depreciation charges of HK$417m (HK$328m), and debt financing costs of HK$1.16bn (HK$863m), the net loss amounted to HK$794m, against HK$355m.

This was HK$432m lower than expected, because of falling interest *rates*, Mr *Newton* said. Cumulative losses since *the MTRC began operation* amount to HK$3.16bn.

The Hong Kong Government last year injected $1.5bn in new capital into the MTRC, with a further HK$1bn committed within the next two years. This injection helped the corporation to improve its debt:equity ratio *from 6.4:1 in 1984 to 4.9:1 last* year.

Metal prices hit Canada mines

BY BERNARD SIMON IN TORONTO

OPERATING LOSSES at *Cominco*, the Vancouver-based mining and fertiliser company, *jumped to C$27.3m (US$19.6m)* in the first quarter from C$10m a year earlier.

The company posted a C$41.4m gain from the sale of its 40 per cent interest in Fording Coal, bringing net income to C$14.1m or 17 cents a share, compared to a C$0.6m loss a year earlier. Sales fell from C$337.8m to C$288.2m.

The company ascribed the poor operating performance to *depressed zinc prices* and lower sales volumes for zinc, lead, silver and zinc concentrate. Shipments and prices for refined gold and copper concen*trate increased.*

An over-supply of fertiliser *in the US pushed down volumes* and prices of nitrogen-based fertilisers. Potash prices were also lower.

Cominco, a subsidiary of Canadian Pacific, reduced its debt by C$87m in the first quarter from C$674m at the end of last year, as a result of the sale of its interest in Fording Coal to CP. But higher interest rates and increased borrowings raised finance charges by C$3.3m to C$24.7m.

Meanwhile Falconbridge, the Toronto-based multinational mining group, suffered a C$17.1m loss before extra*ordinary items*, equal to 31 cents a share, in the first quarter of 1986, *compared* with earnings of C$12.2m or 32 cents a share a year earlier.

The reverse was due to weaker nickel, zinc and silver prices. Including an extraordinary gain from the sale of Falconbridge's interest in Kiena Gold Mines, net first-quarter earnings were C$24.8m or 45 cents a share.

Improvement at First Pacific

FIRST PACIFIC International, the Hong Kong holding company for the trading, marketing and distribution interests of the Liem Family in Indonesia, yesterday reported a net profit for *1985 of US$3.58m after tax and* an extraordinary profit of US$7.5m, writes Our Hong Kong Correspondent.

This compares with a profit in 1984 of $2m, which bore an extraordinary loss of $425,000.

Hagemeyer, the Dutch trading group controlled by First Pacific which accounts for the *lion's share of the group's turn*over, managed an ordinary profit of $7.13m despite losses on commodity operations of $11.1m.

هكذا من الأصل

INTERNATIONAL BONDS

IBM Eurodollar issue breaks 7% barrier

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL Business Machines broke new ground in the Eurobond market yesterday with the first dollar issue to carry a coupon of less than 7 per cent in the current bull phase.

It launched a $200m three-year issue through Nomura International carrying a coupon of 6⅞ per cent and issue price of 101⅛.

And, with the New York market up sharply overnight, other borrowers rushed in to tap the market, attracted by the low levels of yields and without regard to the widening of spreads between the US market and the Eurobond market.

Altogether $775m worth of fixed-rate bonds were launched including the IBM issue. Others came from First Boston with $100m, Nippon Kokan, the Japanese steel-maker, with $100m and the Canadian Province of Manitoba with $125m. Exxon Capital Corporation launched a $250m, deep discount issue.

Yet Eurobond prices continued to lag the gains in New York with investors worried about the weakness of the dollar. Early gains in Europe yesterday were also largely wiped out as the New York market reacted to the latest US economic growth figures in the afternoon. Some bankers said they were uncertain about the actual level of investor demand especially after the market's recent strong gains. "The risk-reward ratio is not getting better with this incredible rally," said one senior banker.

IBM's issue also attracted attention yesterday because it is the first plain vanilla Eurobond the US computer company has awarded to a Japanese house. Nomura won the mandate in competition with two US houses and the issue was particularly fine pricing with a net margin of just 20 basis points over US Treasury issues at launch. Despite these tight terms the deal traded just within its fees, largely on the strength of the name which is traditionally a favourite with European investors.

Japanese buyers were less attracted to the deal partly because the breaking of the 7 per cent barrier brought the coupon level close to that prevailing on Japanese Government bonds. Against this background it takes a strong name and strong placing power to get a deal away on very fine terms. Swiss Bank Corporation's $150m deal of Wednesday traded at a discount of ⅞ per cent yesterday afternoon, still comfortably within its fees and at a margin of just 17 points over US Treasury bonds.

Credit Suisse First Boston led the 10-year First Boston deal which carries a 7¼ per cent coupon and issue price of 99.

Manitoba's deal is for 10 years with a 7¼ per cent coupon and an issue price of 100⅛ set by lead manager Wood Gundy. Nippon Kokan's issue carries a five-year maturity, a 7⅛ per cent coupon and an issue price of 101⅛. Lead manager is Yamaichi International.

Late in the evening Nikko Securities launched a $250m, 10-year, 4⅛ per cent deal for Exxon Capital Corporation with a deep discount pricing of 83.027 to yield 6.91 per cent.

Another feature of yesterday's market were two deals with equity warrants attached, both of which were very enthusiastically received. Koebe Steel of Japan launched a Y4,100m, five-year issue through Yamaichi International carrying an indicated coupon of 3⅛ per cent and an indicated exercise premium of 2½ per cent. Daiwa Europe led a smaller, $35m five-year deal for Daiken Kogyo, the plywood and home-furnishings concern, which has an indicated coupon of 3⅛ per cent and an exercise premium of 2½ per cent.

In the convertible sector, International Lease Finance launched a $50m, 15-year deal through Merrill Lynch with a coupon of 5½ per cent and a conversion price of $35 giving a premium of about 30 per cent over Tuesday's closing share price.

In Germany foreign bond prices firmed, especially in the morning, on the back of the New York market and weaker dollar. Some profit-taking was in evidence during the afternoon following the release of the US GNP figures.

The market saw its first-ever partly-paid deal in the form of a DM 300, 10-year bond from German State Securities-Series A which is secured by a Schuldschein note issue from the state of Lower Saxony. Led by Dresdner Bank, this deal bears interest at 5⅞ per cent and a par issue price. Of the principal, 10 per cent is payable in April with the balance due in July.

Eutelsat, the European telecommunications satellite company, launched an Ecu 150m, eight-year 6⅞ per cent deal at par through Banque Nationale de Paris. Kredietbank Luxembourgeoise launched an Ecu 53.75m, nine-year four-month issue carrying a coupon of 6⅞ per cent and par issue price through Credit Commercial de France. The deal is guaranteed on a fiduciary basis by International Bankers Incorporated. The secondary market opened strong, but, as in Germany, closed mixed.

Pepsico came to the Canadian dollar market for C$75m with a five-year, 8⅞ per cent deal carrying an issue price of 100⅛ and led by Morgan Guaranty.

New issue volume was relatively quiet in Switzerland where the market is digesting a large crop of recent paper. Canon Sales of Japan launched a SFr 150m, five-year convertible private placement with an indicated coupon of just 1⅞ per cent. Banca Svizzera Italiana led the deal. Toyobo Co launched a smaller SFr 50m private placement through Swiss Bank Corporation.

News International's SFr200m issue traded for the first time yesterday at 97⅞, well below its par issue price. Elsewhere Daicel Chemical's SFr50m placement with equity warrants was awarded a coupon of 1¼ per cent, the lowest yet seen on this type of paper.

In the dollar market, pricing was completed on the $75m convertible issue for Pearson, the interests of which include the Financial Times. CSFB set a coupon of 5⅞ per cent, below the indicated 6 per cent level and the conversion premium is 7 per cent. The conversion price is a round £5 compared with yesterday's close of £4.65.

The coupon on Mitsubishi Trust and Banking's $100m convertible has been set at 2½ per cent, the same as that on the equity-linked issue for Sumitomo Trust and Banking. Both coupons are in line with indications, but the coupon on the $50m issue for Citizen Watch has been cut to 3⅜ per cent from an indicated 3½.

Dean Witter moves Asia side from Singapore

By Chris Sherwell in Singapore

DEAN WITTER REYNOLDS, the US capital markets group wholly owned by Sears Roebuck, is unexpectedly closing down its three-pronged business in Singapore and consolidating its Asian operations in Hong Kong.

The move, involving the firm's dealings in securities, financial futures and capital market instruments, is seen by bankers as a setback for Singapore at a time when development of its capital markets is a key to its future success as a financial centre.

Behind it evidently lies a perception that the Singapore operation has become marginal, costing too much to support and generating inadequate returns, at a time when the firm overall has been doing less well than most of its competitors.

Bankers say they hope the action will jolt the Singapore authorities into moving faster with the proposed development of the island state's Singapore dollar government bond market.

In recent months the Monetary Authority of Singapore (MAS), the country's powerful regulatory agency, appears to have been heavily distracted by the crisis in the local stockbroking industry, which was precipitated by the collapse of Pan-Electric Industries, a quoted marine salvage, property and hotel concern.

Dean Witter's main activity in Singapore has been in floating rate notes and floating rate certificates of deposit. The firm is believed to make a market in some 200 issues in London and pass the book to Singapore overnight. Now Hong Kong, where Dean Witter has another Asian office, will benefit from the additional business.

Jardine plan aims to dilute HK Land stake

BY DAVID DODWELL IN HONG KONG

JARDINE MATHESON, Hong Kong's oldest colonial trading company, yesterday unveiled plans for a US$125m share issue in Europe which prepares the ground for the dilution of its financially hobbling 35 per cent stake in Hongkong Land.

The decision in 1980 by Jardine and Hongkong Land to buy interlocking share stakes in one another as a protective move against outside bidders has proved to be one of the gravest mistakes made in either group's history. When Hong Kong's property market collapsed in 1982, Jardine was trapped with more than its net worth tied up in a company that was on the verge of collapse, with debts soaring towards HK$22bn (US$2.82bn).

Mr Simon Keswick, chairman of Jardine Matheson, signalled in February that the group was preparing to unlock some of the HK$3.5bn of funds tied up in the Hongkong Land stake — but the route chosen to achieve this took Hong Kong by surprise yesterday.

Rather than sell Land shares directly, Jardine plans to issue US$125m worth of cumulative preference shares in Europe. These will in due course be convertible into Hongkong Land shares at a price to be fixed next week.

The effect of converting all the preference shares would be to reduce Jardine's stake in Hongkong Land from 35.6 per cent at present, to around 30 per cent. This stake would in turn be held as a "long-term strategic holding," Jardine said yesterday.

The plan would provide Jardine with US$125m almost immediately, but would not involve its losing voting control of any Hongkong Land shares until the preference shares were converted. The Euro-issue is being managed jointly by Credit Suisse First Boston and by Jardine Fleming International.

If successful, the issue would boost Jardine's shareholders' funds to HK$5.7bn, and allow it to trim term debt by HK$450m to around HK$2.2bn. This would improve the group's debt to equity ratio from 57 per cent at the end of 1985 to 39 per cent.

Investors subscribing for the preference shares, which will be denominated in US$1,000 units, are expected to earn a fixed preferential dividend of around 7 per cent. They will be entitled to convert shares after 90 days — receiving a fixed number of Land shares at a premium of between 8 and 10 per cent above Land's market price on a specified day next week.

See Lex

Lira bond for Eurofima

BY OUR EUROMARKETS CORRESPONDENT

EUROFIMA, the European company for financing railway rolling stock, re-opened the lira Eurobond market yesterday with the first issue since last November.

It is raising L100bn through a seven-year, 11¼ per cent bond priced at par and led by Istituto Bancario San Paolo di Torino.

Bankers said the decline in world interest rates had revived interest in high coupon issues in Italian currency. Also, expectations are growing of a cut in Italian interest rates and this was buoying the market.

San Paolo said the deal can be called in its fifth year at 101 and 100½ per cent in year six.

Another specialist European currency sector, the Danish krone market, was active yesterday with a DKr 250m, eight-year issue for Norsk Hydro carrying a coupon of 8½ per cent. Morgan Stanley is leading this deal alongside Copenhagen Handelsbank and it is priced at par.

More warrants from Phibro

By Our Euromarkets Correspondent

PHIBRO-SALOMON has issued a further series of 500,000 warrants allowing holders to buy the 8 per cent US Treasury bond due in 1989.

The warrants, priced at $9.50 apiece, can be exercised between May 14 this year and April 11, 1987. The exercise price has been set at 105¼.

Separately Algemene Bank Nederland said it is leading an issue of 150,000 warrants for KLM, Royal Dutch Airlines, entitling holders to subscribe at par to a Fl 150m, six per cent bond issue due in 1993.

The warrants are priced at Fl 18

Japan to loosen borrowing rules

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is preparing to let borrowers resident in Japan issue bonds in Tokyo denominated in foreign currencies. The MOF's move, expected to be completed by June, is intended to draw Japanese companies issuing activities back from the Euromarkets.

The MoF appears to have been prompte dto act by the current popularity among Japanese corporate borrowers of bonds with detachable warrants. No fewer than 30 such issues were made in the first quarter in dollars and Swiss francs, raising some $2.1bn — more than double the figure for the comparable period of last year.

In order to strengthen Tokyo's attractions for Japanese borrowers, the authorities are encouraging the securities houses to simplify issuing procedures for straight bonds and to introduce a more flexible issuing schedule.

The securities houses have also agreed to study proposals that they should reduce their commissions on warrant and convertible bonds. Borrowers complain that the current practice of charging "coupon rate plus 1 per cent" in Tokyo makes it far cheaper to launch such issues abroad.

International institutions and sovereign borrowers have been allowed to issue foreign currency-denominated bonds since last August. Ten such bonds have been floated in Tokyo, including the first by a foreign private borrower, Southern California Edison.

The first Japanese borrowers are expected to be blue chip industrial companies or property groups, and it is expected that the first such issues will be denominated in dollars and will have detachable warrants, in view of the current popularity of these instruments among company treasurers.

There will be no restrictions on the currency chosen, and Japanese companies will also be free to choose between straight, convertible, dual currency and warrant bonds.

Interest rate hopes prompt flood of sterling deals

By Our Euromarkets Correspondent

A FLOOD of new sterling issues totalling £450m hit the Eurobond market yesterday as expectations of further interest rate cuts grew with gilt prices firm and sterling well above the $1.50 mark.

The deals included three fixed-rate issues as well as a £200m floating-rate note for the Halifax Building Society.

Fixed-rate issuers included retailers Asda-MFI with a £100m, 16-year issue launched yesterday morning through Morgan Grenfell. The 9⅝ per cent deal is partly paid, with 35 per cent due in May and the balance in July. Issue price was set at 99½ to give a yield of 110 points over the equivalent gilt after discounting total fees of 2½ points.

All yesterday's new issues met a good reception, though the Asda bond, which came first, was snapped up most enthusiastically.

Sweden later launched a £100m, ten-year, 8¾ per cent issue at par through Baring Brothers giving a net yield of 20 basis points over the equivalent gilt-edged stock. Though Sweden is a top-rated sovereign borrower, bankers said this margin made the terms rather aggressive.

LASMO, the oil exploration company, brought a £50m, seven-year, 10¼ per cent deal at an issue price of 100⅛ per cent through Morgan Guaranty. The bonds traded within their 1⅞ per cent fees. Oil companies are not the most popular borrowers currently but the deal met some demand because of its high coupon.

Later, Morgan Grenfell launched the £200m, eight-year issue for the Halifax Building Society. It bears interest at a margin of 10 basis points over three-month London interbank offered rates for Eurosterling deposits (Libor) and an issue price of 100.05.

Taking into account the 25 basis point fees, this gives an all-in cost to the Halifax of ⅛ per cent over Libor. The launch of the deal follows a recovery in the secondary market of building society floaters after a period of neglect earlier in the year.

Amsterdam tightens bourse regulations

By Laura Raun in Amsterdam

A NEW investor protection law will take effect in the Netherlands in May requiring traders who do not belong to recognised exchanges to obtain a stock broker's licence and making an offering prospectus obligatory for issues of non-listed securities.

The law was proposed by the Finance Ministry 18 months ago in an effort to stop the proliferation of dubious investment companies that were threatening to tarnish Amsterdam's name.

The sceptics in the financial community contend, however, that the stricter regulations will fail to protect investors because of loopholes in the law and a lack of surveillance expertise in the government.

Brokerage firms must prove expertise, reliability, financial security, professional conduct and ability to provide financial information to the public.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on April 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅞ 16	200	103	103½	+0¼	+0⅛	9.42
Atlan. Richfield 10⅛ 00	250	109½	109⅞	+0⅛	−0⅛	9.01
Australia Com. 11 95	200	120⅞	121	+0⅞	+1⅛	7.74
Australia Com. 11½ 02	100	122¾	123⅛	+0⅞	+1⅛	8.81
BP Capital 9⅞ 94	100	104⅝	104⅞	+0⅝	+0⅞	8.31
BP Capital 11⅛ 92	150	112	112⅝	+0⅛	+0⅝	8.38
Campbell Soup 10½ 95	100	115⅛	115⅝	+0⅞	+1	8.07
Canada 9 96	1000	109⅛	109⅝	−0⅛	+0⅝	7.59
Canada 11¾ 90	500	114⅛	114⅝	+0⅝	+0⅝	7.14
Canadian Pac. 10⅝ 93	100	111⅛	111⅝	+0⅛	+0⅝	8.53
CEPME 10⅝ 91	100	109⅝	110⅛	+0⅛	+0⅝	7.85
Citicorp 10 88	200	105⅝	106⅛	+0⅝	+1	7.14
Citicorp 10⅝ 95	200	107⅝	108⅛	+0⅝	+1	9.30
Credit Lyonnais 9 91	200	106⅞	108⅛	+0⅛	+1⅛	7.37
Credit National 9⅝ 93	150	107⅞	107⅝	+0⅛	+1	7.69
Denmark Kgdm. 11⅛ 89	100	109⅝	110⅛	+0⅛	+0⅞	7.49
Denmark Kgdm. 11½ 90	100	112⅞	113⅛	+0⅛	+0⅛	7.61
Denmark Kgdm. 11½ 92	100	116⅝	117⅛	+0⅛	+0⅞	7.81
EDC 8⅞ 92	100	105	105½	+0⅛	+1	7.39
EDF 10 95	225	110⅝	111⅛	+0⅛	+1⅛	8.23
EEC 8⅝ 91	150	105⅝	105⅞	+0⅛	+1	7.19
EEC 9⅝ 90	350	106⅝	106⅞	+0⅝	+0⅝	7.73
EIB 10⅝ 94	200	111½	112	0	+0⅝	8.28
EIB 12 95	200	125⅝	126⅝	+0⅝	+1⅛	7.88
Eli Lilly 10⅝ 92	150	113½	114	−0⅛	+0⅛	7.49
Equit. Lrd. Rlty. 10½ 97	100	110½	111	−0⅛	+0⅛	8.97
Export Dev. Cpn. 10 90	100	109⅝	110⅛	+0⅛	+1	7.12
Fed. Dep. Strs. 10⅝ 95	100	113⅝	113⅞	+0⅛	+1	7.99
Ford Motor Crd. 10⅝ 91	150	109⅝	110⅛	+0⅛	+0⅝	8.16
Ford Motor Crd. 11⅛ 90	100	110⅛	110⅝	−0⅛	+0⅝	8.06
Gen. El. Cred. 10⅝ 00	200	107⅞	108	+0⅛	+0⅝	9.23
GMAC 10⅝ 89	200	108⅛	108⅝	+0⅛	+1	7.18
GMAC 10⅝ 92	250	110	110½	+0⅛	+0⅝	8.15
IADB 9⅞ 95	200	113	113½	+0⅛	+1⅛	7.85
IADB 10½ 95	150	116	116½	+0⅛	+1⅛	7.96
Kellogg Co. 10⅞ 90	100	109	109½	+0⅛	+1⅛	7.91
Kellogg Co. 11⅛ 92	100	112⅞	113⅜	+0⅛	+0⅞	8.27
Nippon Cr. Bk. 10⅞ 95	150	117½	118	+1⅛	+2⅛	7.91
Pillsbury Co. 10⅝ 93	100	109	109½	−0⅛	+1⅛	8.50
Proct & G. 'A' 9⅝ 92	150	107⅛	107⅝	+0⅛	+0⅞	8.37
Pru Realty S. 12⅝ 95	546	118⅞	119⅛	+0⅛	+1⅛	8.88
Qantas Airways 10⅝ 95	140	118⅛	118⅝	+0⅛	+1	7.80
Queensld. Gvt. 10⅝ 95	100	114½	115	+0⅛	+1⅛	7.94
Ralston Purina 11⅝ 95	150	117⅞	118⅛	−0⅛	−1⅛	8.75
Saab Scania 9⅝ 91	125	106⅛	106⅝	+0⅛	+0⅝	7.78
Saskatchewan 10⅝ 92	100	113⅛	114⅛	−0⅛	+0⅝	7.66
Scandinavia Air 10⅝ 95	150	113⅛	113⅝	+0⅛	+1⅛	8.06
State Bk. S. Au. 9⅝ 93	100	106⅞	107⅛	+0⅛	+0⅝	7.90
Statoil 10 90	170	108⅞	109⅛	+0⅛	+0⅝	7.48
S. Wales Trsy. 11⅝ 90	150	113⅛	114⅛	+0⅛	+0⅝	7.59
Swed. Exp. Cred. 10 92	100	111⅞	112⅛	+0⅛	+1⅛	7.45
Sweden 8⅝ 96	200	107⅞	108⅛	+0⅛	+1⅛	7.56
Sweden 10⅝ 92	250	113⅛	113⅝	+0⅛	+1	7.58
Sweden Kgdm. 10⅞ 90	200	111⅞	112⅛	+0⅛	+1⅛	7.36
Sweden Kgdm. 11⅛ 94	100	118⅞	118⅞	+0⅛	+1⅛	8.64
Tenneco Cpn. 10⅝ 95	150	109⅞	110⅛	+0⅛	+0⅝	9.08
Utd. Tech. Fin. 10⅝ 95	100	112⅞	113⅛	+0⅛	+0⅞	8.53
Victorian Rep. 11⅛ 92	150	116⅛	116⅝	+0⅛	+0⅝	8.05
World Bank 9⅝ 2016	300	112	112½	+0⅛	+0⅝	8.15
World Bank 9⅝ 2016	300	114⅛	114⅝	+0⅛	+0⅝	8.40
World Bank 10⅝ 95	300	116⅛	116⅝	+0⅛	+1⅛	7.58
Average price changes... On day +0⅛ on week +0⅞						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	110	110½	+0⅛	+1	6.38
Austrian Elec 6⅞ 95	150	103	103½	+0⅛	+0⅛	6.03
Copenhagen 7⅝ 95	150	104⅛	105⅛	+0⅛	0	6.60
Dow Chemical 6⅝ 95	300	105⅛	105⅞	+0⅛	−0⅛	5.95
EIB 6⅞ 95	300	107⅛	108⅛	+0⅛	+0⅞	5.74
EIB 7⅝ 94	300	106	106½	+0⅛	+0⅛	6.28
Emhart Con. 6⅝ 95	175	104	104½	+0⅛	+1⅛	6.14
Ex. Im. Bk. Korea 7⅝ 90	100	102⅛	102⅝	+0⅛	+0⅛	6.91
Finland Republic 7 92	200	104⅛	104⅝	+0⅛	+0⅛	6.08
Gould Int. Fin. 7⅝ 91	100	104	104½	−0⅛	+0⅛	6.61
Heron Intl. Fin. 7⅝ 95	100	100⅞	101⅛	+0⅛	+0⅛	7.08
Hoesch Intl. Fin. 7 96	100	103	103½	−0⅛	−0⅛	6.52
Ireland 8⅝ 92	150	110⅛	110⅝	+0⅛	+1⅛	6.01
I/S Elsam 6⅝ 93	125	*99⅞	100⅛	+0⅛	+0⅛	6.71
Japan Fin. Con. 7⅝ 91	100	106⅛	106⅝	+0⅛	+0⅛	6.09
Mtsbshi M. 3⅝ 89 WW	100	107½	108	−1⅛	−0⅛	0.97
Mtsbshi M. 3⅝ 89 XW	100	91½	92	−1	−0⅛	5.67
Quebec Hydro 7⅝ 95	200	106½	107	+0⅛	+0⅛	6.14
Renfe 7⅝ 95	100	106	106½	0	0	6.80
Soc. C. Nuclear 7⅝ 95	150	104⅛	104⅝	+0⅛	+1⅛	6.58
Soc. C. Nuclear 8 91	100	106⅛	106⅝	−0⅛	−1⅛	6.50
S. African Tran. 7⅝ 92	100	97	97½	0	+0⅛	8.17
World Bank 7 95	600	108⅛	109⅛	+0⅛	+0⅛	5.74
Average price changes... On day +0⅛ on week +0½						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 5⅝ 94	130	†101	101⅛	−0⅛	−0⅛	5.21
Br. Land Comp. 6⅛ 99	75	†104⅛	105	0	−0⅛	5.86
Chrysler 5⅝ 96	150	†102½	102⅝	−0⅛	−0⅛	5.40
Council of Europe 6 92	120	*103	104	−0⅛	−0⅛	5.35
Creditanstalt 5⅝ 94	100	†102	102½	0	+0⅛	5.19
Deutsche Bk. F. 5⅝ 95	100	†105	105⅛	+0½	0	4.84
Gen. Occidentale 4⅝ 94	80	*†117	117½	−1⅛	−4⅛	2.28
Glendale F. S&L 6⅝ 95	100	†99⅞	99⅞	−0⅛	−0⅛	6.58
Ind. F. Finland 5⅝ 94	40	*†102	102⅛	+0⅛	0	5.43
Int. Am. Dv. Bk. 6⅝ 94	120	†102⅛	103	−0⅛	+0⅛	5.88
N. Zealand Steel 5⅝ 96	70	†100⅛	100⅞	+0⅛	+0⅛	5.67
Oberos. Kftwk. 5⅝ 95	300	†101⅛	101⅝	−0⅛	−0⅛	5.17
Olivetti Intl. 5⅝ 95	100	†102⅛	103	+0⅛	+0⅛	5.10
Pepsico 5⅝ 95	130	†103⅛	103⅝	−1⅛	−0⅛	4.74
Phibro-Salomon 5⅝ 97	110	†102	102⅛	−0⅛	+0⅛	4.88
Ralston Purina 5⅝ 94	125	*†102⅛	102⅝	−0⅛	+0⅛	4.39
Settsu Euro. 0 2001	100	*†53⅞	53⅞	0	0	4.31
Tokyo Elec. Pr. 5⅝ 93	120	†102½	102⅝	−0⅛	0	5.03
Tokyo Metropolis 5⅝ 94	80	*†102½	102⅝	+0⅛	−0⅛	4.90
World Bank 5⅝ 94	150	†104⅛	104⅝	+0⅛	−0⅛	5.07
Average price changes... On day −0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Exp. O. Cr. 5⅝ 91	20	98½	99	−1	−1	6.17
Denmark 6⅝ 96	10	101⅛	101⅝	0	+0⅛	6.17
EIB 6⅝ 96	25	101⅛	101⅝	0	+0⅛	5.90
Procter & Gamble 6 91	25	100⅛	100⅝	+0⅛	+0⅛	5.97
Swed. Exp. Crd. 6⅝ 96	10	103⅛	103⅝	+0⅛	+1	6.12
Average price changes... On day −0⅛ on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 91 A$	100	54	55	−0½	−0⅛	12.91
A. & NZ Bk. 15⅝ 90 A$	60	106⅞	107⅛	+0⅛	−0⅛	12.33
Fiat Finance 14⅝ 89 A$	50	104⅞	105⅛	0	+0⅛	12.42
Hb Schleswig 14⅝ 91 A$	30	105⅛	106⅛	+0⅛	+0⅛	12.42
Amex 10⅝ 90 C$	50	106⅞	107⅛	0	−0⅛	8.70
Canad. Pac. 10⅝ 90 C$	75	107⅝	108⅛	+0⅛	+1⅛	8.10
CIBC 10⅝ 90 C$	75	†104⅛	104⅝	+0⅛	−0⅛	9.43
Genstar Fin. 11⅝ 95 C$	75	†105⅛	106⅛	+0⅛	−0⅛	10.68
Montreal 11⅝ 95 C$	60	108⅛	108⅝	+0⅛	+0⅛	9.98
Ryl. Trustco 10⅝ 90 C$	75	104⅝	105⅛	+1	+2⅛	9.01
Sears Acc. 10⅝ 92 C$	75	†105⅛	106⅛	+1	+0⅛	9.32
Coca-Cola F. 17 90 NS	75	101⅞	102⅞	+0⅛	+1⅛	16.10
Denmark 17½ 89 NS	50	†99⅞	100⅛	0	+0⅛	17.60
Unilever Cp. 17½ 89 NS	50	99⅝	100⅛	+0⅛	+0⅛	17.41
Copnhgn. C. 9 95 Ecu	40	113⅝	114	+0⅛	+0⅛	7.00
EIB 8⅝ 93 Ecu	180	110⅛	111⅛	+1⅛	+1⅛	6.57
Walt Disney 8⅝ 94 Ecu	83	109⅛	110⅛	+1⅛	+0⅛	7.02
Honda WW 3⅝ 90 Fl	100	110	110½	−0⅛	0	1.18
Honda XW 3⅝ 90 Fl	100	92½	92⅞	−0⅛	−0⅛	6.04
Thyssen 7⅝ 90 Fl	50	103⅛	103⅝	+0⅛	+0⅛	6.30
Wereldhave 7⅝ 90 Fl	75	104⅛	104⅝	0	+0⅛	6.23
Wessanen 6⅝ 90 Fl	50	101⅛	101⅞	+0⅛	+0⅛	6.31
NERSA 9⅝ 96 FFr	500	108⅛	109	−0⅛	−1	8.43
Amev 11 93 £	50	108⅛	108⅝	+0⅞	+2⅛	9.25
Australia Com. 11 92 £	40	108⅛	108⅝	+0⅞	+2⅛	9.09
GMAC UK F. 10½ 90 £	30	104⅛	104⅞	+0⅛	+0⅛	9.11
Imp. Ch. Ind. 11⅝ 95 £	100	107	110⅛	+1⅛	+2⅛	9.51
Imp. Ch. Ind. 10⅝ 92 £	75	105⅞	106⅛	+0⅛	+1⅛	9.41
Inv. in Ind. I. 10 93 £	60	103	103½	+0⅛	+0⅛	9.33
Leeds Bld. S. 10⅝ 91 £	50	104⅛	104⅞	+0⅛	+1⅛	9.28
McDonalds 10⅝ 90 £	40	106	106½	+0⅛	+1⅛	8.96
MEPC 10⅝ 2003 £	75	†99⅞	100⅛	+0⅛	0	10.28
Nat'nwide BS 10⅝ 93 £	75	102	102⅝	+0⅛	+0⅛	9.65
NSW Treasy. 10⅝ 92 £	50	105⅛	106	+1⅛	+1⅛	9.40
Royal Ins. 10⅝ 92 £	60	105⅛	106⅞	+1⅛	+2⅛	9.30
J. Sainsbury 10⅝ 93 £	60	106	106½	+0⅛	+1⅛	9.56
Tathse. Forte 11⅝ 90 £	50	104⅞	105⅛	+0⅛	+1⅛	9.52
World Bank 11⅝ 95 £	100	113½	114⅛	+0⅛	+1⅛	9.83
COE 8⅞ 95 LFr	600	†104	104½	−2⅛	−0⅛	8.20
N. Lux. Al. 10⅝ 92 LFr	600	102⅞	103⅛	−0⅛	−0⅛	9.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.67	99.77	14/4	11⅛
Barclays Bank Perp. 1	§0⅛	100.33	100.43	2/7	8⅛
Barclays Bank Perp. 2	§0⅛	100.26	100.36	14/8	8⅛
Belgium, Kngdm. of 91	0	100.38	100.48	19/8	8.06
BNP 5⅛ 95	0.05	100.33	100.43	10/7	8.06
Britannia 5 93 £	0⅛	100.04	100.14	8/4	11½
CCF 5⅛ 97	0	99.39	99.49	5/4	8.06
Citicorp 5 2005	0⅛	99.49	99.59	27/3	8.04
Credit Lyonnais 5 2000	0⅛	100.50	100.60	10/7	8.06
EEC 3 92 DM	0	99.99	100.09	20/8	4.44
EEC 5 90	0⅛	100.23	100.33	8/7	8.06
EEC 5⅛ 93 Ecu	0.0312	99.90	100.00	30/4	8.91
Ireland 5⅛ 97	0⅛	100.42	100.52	28/2	8.44
Lloyds Bank Perp.	0⅛	100.23	100.33	9/6	8½
Midland Bk. Perp. 5	0⅛	100.25	100.35	19/6	8⅛
Milk Mkt. Board 5 93 £	0⅛	100.01	100.11	17/6	12.31
NatWest Perp. A	§0⅛	100.34	100.44	9/7	8.31
NatWest Perp. B	§0⅛	100.39	100.49	9/8	8⅛
New Zealand 5 97 £	0.07	99.85	99.95	16/3	11.57
New Zealand 5 2001	0	100.34	100.44	4/8	8⅛
Prudential Cpn. 4 95 £	0.1	99.88	99.98	6/3	11.78
R. Bk. Scotland 5 Perp.	0⅛	100.15	100.25	11/6	8.44
United Kingdom 5 92	0	100.16	100.26	7/7	8.06
Woodside Fin. 5⅛ 97	0	99.62	99.72	28/7	8.19
Woolwich 5 95 £	0⅛	100.01	100.11	19/6	11.89
Average price changes... On day +0.00 on wk +0.04					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	210	211	+4⅛	8.44
Comcast 7 2000	12/85	23.87	†124	126	0	13.69
Fanuc 3⅛ 98	7/84	7032	230	231	−1	62.17
Fuji Heavy Inds. 3 2000	8/85	676	†106	109	+2⅛	4.15
Fujitsu 3 99	6/84	1320	117⅛	118⅛	−1⅛	17.70
Kumagai-Gumi 3½ 2000	3/85	600	†218	219	+11⅛	7.85
Marui 3½ 99	7/84	1162	270	271	+1⅛	−1.71
Minolta Cm. 2⅛ 94 DM	2/86	1105	103	103½	+0⅛	33.92
Mitsubishi Bank 2⅝ 00	8/86	1769	119⅞	120⅛	+1⅛	0.10
Mitsubishi Elec. 2⅝ 00	3/85	422	122⅞	123⅞	+2⅛	0.82
Mitsui Bank 2⅝ 01	4/86	107.9	107⅛	108⅛	−0⅛	−88.69
Murata 3½ 2000	7/84	2398	150	151⅛	0	17.42
Nippon Elec. 3⅞ 2000	1/85	1295	158	160	+1⅛	76.20
Nippon Oil Co. 3 2000	5/86	923	187⅛	189⅛	+4⅛	−1.48
OKI Elec. Ind. 3⅝ 99	10/86	805	120⅛	121⅛	−0⅛	−2.90
Sanwa Bank 2⅝ 2000	10/86	1496	122⅞	123⅛	+4⅛	6.40
Sekisui House 3 99	6/84	612	247	248⅛	+6⅛	1.00
Sumitomo Bk. 2⅛ 200	8/85	2142	121⅛	122⅛	+0⅛	1.26
Sumitomo Cpn. 2⅝ 99	5/84	1063	194⅛	195⅛	+5⅛	11.54
Taiyo Yuden 3⅛ 2000	3/85	1078	†134	135	+4⅛	−2.18
Tokyo S'yo El. 3⅛ 99	12/84	772	106	107	0	2.25
Toshiba Crmcs. 3 2000	4/85	1774	119⅛	120⅛	+0⅛	−2.26
Nippon Oil 2⅝ 92 SFr	3/84	1052	†113⅛	114⅛	−0⅛	3.31
Nip. Shinpan 2 92 SFr	3/84	801	*†179⅛	180	−3	14.21
Asics 5 92 DM	12/83	520	132⅛	133⅛	+1⅛	8.85
Renown 3⅛ 90 DM	3/85	676	137⅛	138⅛	−0⅛	−2.06

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Staffs rejects new Coloroll terms

BY DAVID GOODHART

Coloroll, the home furnishings group, yesterday made an increased and final offer for Staffordshire Potteries, and also announced a pre-tax profit forecast of £6.2m for the year ended March 31—an increase of 63 per cent over last year.

The revised offer values Staffs at about £14m — up from the original £11m valuation — and was immediately rejected by the Staffs board. But Mr Philip Green, the Coloroll group development director, said that Coloroll had yesterday increased its holding in Staffs ordinary shares from 8.7 per cent to 20 per cent and also spoke for over 40 per cent of the preference shares. That, he said, amounted to near 30 per cent of Staffs on a fully diluted basis, of which 8 per cent was conditional.

The original offer of three Coloroll shares for five Staffs had valued each Staffs share at 112p, although following subsequent share movements that had risen to 132p. The latest offer—two Coloroll for every three Staffs—values each share at 141p. The cash alternative has been increased from 102p to 133p.

Mr Green repeated the main Coloroll arguments for the bid yesterday: that it could inject more sales, marketing and design impetus into the UK businesses; could extend Staff's US interests with the backing of its businesses there; and could provide the financial strength to expand a company that has had to concentrate recently on reducing its debt.

The Staffs board said the new offer failed to take account of the recent strong recovery reflected in its forecast increase of 56 per cent in earnings for the current year.

The next close of the Coloroll bid is May 8. It came close to agreement with Staffs when the bid was first made but the deal broke down amid some acrimony.

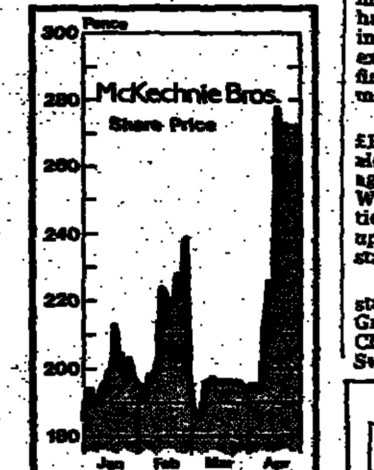
Coloroll closed 7p down at 212p. Staffs was 10p up at 137p.

McKechnie Bros. forced to delay interim results

BY DAVID GOODHART

McKechnie Brothers yesterday announced an increased interim dividend of 3p net, against 2.5p, but following the £160m all-share bid from Evered Holdings it has had to delay publication of its interim results.

The results for the six months to the end of January would have been released yesterday in the usual unaudited form. However, the announcement of the Evered bid has made it necessary for the results to be reported on by the auditors in line with Rule 28.6 of the Take-Over Code. That could take several weeks.



McKechnie's merchant bank, Baring Brothers, said that the Take-Over Panel had been asked to exempt McKechnie from the rule but had refused to do so.

The company made a profits forecast for the full year during from another acquisitive industs its recent resistance to a bid trial holding company, Williams Holdings. The forecast was for pre-tax profits in excess of £18m after exceptional costs of £1.5m. Following this latest bid McKechnie may seek to revise that forecast upwards.

The board of McKechnie has confirmed rejection of the bid from Evered, which is run by the Abdullah Brothers. Dr Jim Butler, McKechnie's chairman, said: "My discussions with the Abdullah brothers have only served to confirm how misconceived their bid attempt is. As reported in the press they admit that the bid is opportunistic and that there is no industrial logic in it. Whatever skills they may have I am convinced they are not the skills which would make McKechnie a better business."

Stockley in £100m refinancing package

Stockley, the property investment and development group, has arranged a £100m refinancing package designed to repay existing borrowings and to help finance its growing development programme.

The group has signed a £100m tender panel facility along the lines of the deal agreed earlier this year by Wates City of London Properties. The agreement is backed up by a five-year, committed standby facility.

The banks taking part in the standby deal are Morgan Grenfell, Lloyds Bank, Standard Chartered Bank, Union Bank of Switzerland, Allied Irish Investment Bank, Banque Paribas, Canadian Imperial Bank of Commerce and Deutsche Bank. Cash drawn under the facility will carry interest at 0.3 per cent above Libor and the banks will receive an annual fee of 0.2 per cent on the amount advanced.

Stockleys says that about £25m will be used to refinance conventional bank borrowings, while a further £38m will be employed to redeem Stock Conversion loan notes. The group holds a 26.5 per cent stake in Stock Conversion, the future of which is still under active discussion between the two companies.

Reed expands in plastic moulding

By Wolfgang Munchau

Reed International, the publishing, packaging and paint group, has taken over Northamptonshire based Smiths Containers in a cash and shares deal valued at £11.2m.

Smiths employs 390 people in the plastic blow moulding sector, and Reed said yesterday that its range of products would complement and expand Reed Packaging's existing injection moulding.

In 1985 Smiths had turnover of £12.6m, but Reed declined to disclose its profits for the period.

The deal involves a cash payment of £4.9m, with the remaining £6.3m satisfied by the issue of Reed unsecured loan stock.

Over the last two years Reed has engaged in a large divestment programme, selling off businesses worth £250m, among them Mirror Group Newspapers to Mr Robert Maxwell for £113m.

In the six months to September 1985 Reed made pre-tax profits of £51.1m, compared to £45.2m, with turnover down from £1.046bn to £969.7m.

MAYHEW, the foods group, has taken over two small chicken distributors, Ready Rosted and Co-ordinated Hatcheries.

Hestair paves way for expansion via cash call

BY ALICE RAWSTHORN

AFTER A RADICAL rationalisation programme Hestair, the industrial group, has more than doubled full year pre-tax profits from £1.36m to £3.5m. And the company now plans to prepare for expansion, launching a £10.25m rights issue yesterday to reduce borrowings and to fund acquisitions.

The rights is the first Hestair has staged for eight years. It will release 8.28m new ordinary shares at 125p on a one-for-three basis, which has been underwritten by the company's stockbrokers, Fielding Newsom-Smith.

"In 1985 our priority was to reorganise our special vehicles division," said Mr David Hargreaves, Hestair's chairman. "That reorganisation is now complete and we are ready, and after the rights issue, able to expand again."

Initially the proceeds will be used to reduce borrowings. Gearing stood at 61 per cent at the end of the 1985/6 year and has risen since. But Hestair is actively searching for acquisition opportunities, in its established consumer fields of toys, stationery and specialist recruitment services.

"We have identified a number of sectors in which we are interested but have yet to agree terms," said Mr Hargreaves. "We have looked and will continue to look at a wide range of businesses and expect to make an acquisition in the current financial year."

In the year to January 31 1986 Hestair's turnover fell to £109.65m (£115.96m) due to radical restructuring within its vehicles division, which cut costs and rationalised the product range. The final dividend is 2.325p, making a total 3.825p (3.575p).

Hestair also proposes to raise £10m over the next six years through a pension holiday. This contributed £900,000 to the 1985/86 results and will add the same sum to the next two financial years and £500,000 for the following three years.

All divisions produced profit growth in 1985. Within engineering turnover fell to £58.3m (£72m), while profits rose to £2.3m (£870,000).

Employment bureaux — which were recently restructured into two independent profit centres, Atlas in London and HMS (Hestair Management Services) — emerged as the most dynamic division with profits increasing to £2m (£1.5m).

Stationery operations — which should be buoyed in the next few years by the imminent rise in the number of school age children — incrased profits to £1.6m (£1.3m).

Toys, however, turned in a sluggish performance with a marginal increase in profits to £619,000 (£612,000). Hestair plans to support its Kiddycraft toy range more aggressively

● comment

Given the quixotic mood of the market, the recent rush of issues and rumours of more to come, Hestair's rights issue was doomed to a dismal reception and the company's shares fell by 13p to 146p yesterday. These results look respectable enough on the surface, but without the pensions holiday Hestair's 1985 profits would have been much more pedestrian. Judging by the slender reduction in borrowings, the company almost certainly underestimated the cost of rationalisation. The vehicles division has, at least, been restored to a healthy state, however, able to withstand sluggish demand for dustcarts, coaches and bus chassis. Kiddycraft Toys' prospects are hampered by the threat of Far Eastern imports, although both the toy and stationery divisions report increased order books this year. Hestair has identified its employment bureaux as a key growth area and hopes to include niche employment markets in its acquisition plans. The City expects profits of £7m and a p/e of 7 for 1986.

Woolworth attacks Dixons 'contradictory' statements

MR GEOFFREY MULCAHY, chief executive of Woolworth Holdings, yesterday took another swipe at unwelcome takeover bidders, Dixons.

He said: "There must be concern about their apparent lack of a planned strategy for our business. Apart from a string of abuse, their statements have been contradictory and inconsistent."

And he added: "Dixons ran small electrical shops with an average size of 2,000 sq ft. Their record of diversification outside High Street electrical shops has hardly been an unqualified success."

He also denied that Woolworth was a shrinking group. He said: "We are operating more retail selling space than when we started. In February 1986, we had 14.6m sq ft against 12.7m in January 1983. By the end of the current financial year, we estimate we will have over 15m sq ft."

The B & Q chain alone, he says, would add as much retail selling space this year as the whole of the existing Dixons and Currys chains. Mr Mulcahy said the company had no plans for further closures of Woolworth stores, other than 22 already announced in March.

Stewart Nairn in the red at six months

Stewart Nairn Group, property concern, incurred a pre-tax loss of £130,000 in the half year to December 31, 1985, against a £10,000 profit last time. The setback results from the completion of only two developments during the period.

There was no tax (£5,000 charge) giving a loss per 5p share of 0.2p (earnings 0.006p) or 0.16p loss (earnings 0.005p) fully diluted.

Net asset value fell from 14.72p to 13.05p basic, and from 11.68p to 10.64p fully diluted.

In the past few months the company has instituted changes which will result in a significant reduction in overheads, although the main benefit of this reduction cannot be felt until next year.

The company says it is difficult to predict trading results for the full year as much depends on when properties under development are sold.

First-half turnover was higher at £7.13m (£4.59m). Gross profits came to £353,000 (£382,000) but administration expenses took £435,000 (£369,000) and net interest payable £48,000 (£3,000).

COATS VIYELLA, formerly Vantona Viyella, has changed its year-end from November 30 to December 31, and the results for 1986 will reflect the combined group—including Coats Patons on a merger accounting basis.

The Notice of Meeting for NV Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch) appears on Page 31 of today's UK edition

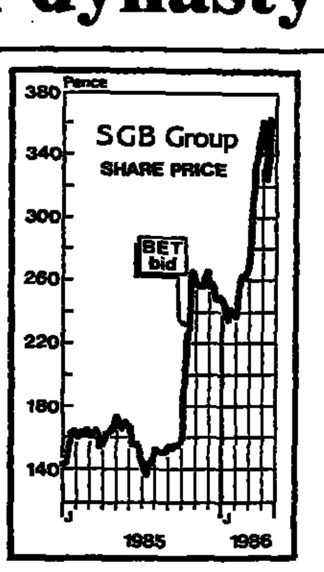
هكذا من الأصل

UK COMPANY NEWS

Lionel Barber on the background to the merger agreed yesterday between Mowlem & SGB

The Beck dynasty reunited

Mr Phillip Beck, chairman of John Mowlem



Mr Clive Beck, chairman of SGB

AT FIRST SIGHT, yesterday's £160m agreed bid for SGB by John Mowlem looks like an *episode out of Dynasty.*

Last October Mr Clive Beck, now the 49-year-old chairman of SGB and then deputy chairman, found his company on the wrong end of a hostile £120m takeover bid from BET, the diversified services group. A reference to the Monopolies Commission gave Mr Beck a six-month breathing space. Now, just two months before the MMC is due to deliver its verdict, Mr Beck's brother, Philip, 52, and chairman of Mowlem intervenes, thus re-establishing a link between Mowlem and SGB which goes back 65 years.

In 1920, several entrepreneurs began toying with the idea of building up a company specialising in scaffolding. Needing funds, they turned to the Beck brothers' grandfather, Edgar. He persuaded some British construction companies to invest and his son, Sir Edgar Beck, was later to become chairman of both companies.

Yesterday, the Beck family connection looked as strong as ever; but both brothers stress that the agreed bid is no fraternal gesture, but a genuine merger to create a business capable of competing in the *international construction business.*

"Size counts," says Philip Beck. His company, founded in 1822, directly employs around 6,000 people and is involved in both UK and international construction projects. Among its best-known are the Falklands airport and the US Navy base in Diego Garcia; in the UK, the *new Stolport and the Canary Wharf* development in London's Docklands. Mr Beck wants a bigger slice of future action: by combining with SGB and doubling Mowlem's equity, he reckons Mowlem will count *alongside* its major UK rivals, Taylor Woodrow, C. H. Beazer, Wimpey and John Laing.

Pre-tax profits were £13.1m in 1985 (not including the £2.7m pre-tax profits of the recently-acquired Alfred Booth business) and Mowlem is looking for a great deal more in 1986. Brokers forecast up to £19m pre-tax, enough at least for it to consider the *slightly* larger SGB as an equal partner.

For SGB, directly employing 7,000 people, the proposed merger offers an opportunity to join with a company it knows well. It is a welcome change after the uncertainty of the past 12 months when its independence has come under increasing threat.

Last October, C. H. Beazer made an unsuccessful stab at SGB via a tender offer for 25 per cent of SGB's equity. SGB said the tender grossly undervalued the company, with the share offer amounting to around 211p and the cash alternative amounting to 195p. Shortly afterwards, BET launched its own hostile bid. It was, as Mr Clive Beck noted in SGB's annual report, "a turbulent year."

In addition to warding off predators, SGB has had a trading problem: How to overcome the loss of lucrative construction projects in the Middle East which had sustained the company's profits during the 1970s. Having touched £16.3m pre-tax for 1980, the company *slumped to £7m* in 1983, and has only recently begun the steep climb back. Today, Mr Clive Beck, confidently confirms brokers' predictions for 1985, and a resulting earnings per share growth of 40 per cent.

With those sort of figures, it is not immediately clear why SGB is reluctant to fly the independence flag, particularly after its vociferous efforts to fend off BET. Mr Clive Beck says that the entry of Beazer, closely followed by BET, has "polarised the company's shareholding," leaving the company vulnerable to a *sell-out* by sizeable shareholders.

One such shareholder was the Kuwait Investment Office, which acquired part of its 10 per cent stake from Beazer. Yesterday, the KIO sold its block to Mowlem, thus removing one of the major uncertainties surrounding the SGB's future. Mr Clive Beck said that he hoped that BET, holding 14 per cent of SGB, will make a *similarly* dignified exit.

The question facing BET is whether they can persuade the MMC to let them re-enter the fray or whether they bow out at a profit. Yesterday, BET faced both ways: selling 5 per cent of its SGB holding in the market to Mowlem at 372p, while insisting that it would still pursue its case through the Monopolies Commission. Two per cent of the shares sold to Mowlem are conditional on Mowlem shareholders' approval. "At 372p," said Mr Neil Ryder, for BET, "we would rather be sellers than buyers."

The Beck brothers claim that cost savings *arising* from a merger would amount to £1m. More specifically, both intend to develop SGB's 250 properties, while Mowlem says it wants to expand SGB's retail hire stores. The aim here is to seek a separate stock market quotation for this business, just as it offered a 24 per cent stake in its technologies subsidiary, Buehler, to US investors last year.

Thus, the proposed merger will create six divisions: construction (UK and international); housebuilding; property development; technology and laboratory equipment (Buehler); hire and supply of scaffolding equipment and services, both domestically and *internationally*; and the sale and hire of equipment for the DIY trade.

It is the last two which Mr Clive Beck would manage. Having left Mowlem in 1967 to become director of Scaffolding (Great Britain) at SGB, he *would be back at Mowlem* as deputy chairman and joint managing director of the combined group. A dynasty reunited.

Maxwell overture rejected by Extel

By Martin Dickson

Mr Robert Maxwell, publisher of the Daily Mirror, confirmed yesterday that he had last week attempted to negotiate an agreed takeover of Extel Group, the *information business* which is fighting an unusual £170m bid from the newly-created *Demerger Corporation.*

However, his overture was rejected by the Extel board.

Mr Maxwell was speaking 24 hours after accepting the Demerger bid in respect of his 11.7 per cent holding in Extel.

That, coupled with an announcement by the MIM fund management group that *it* was voting an *8.2 per cent* stake in favour of Demerger, has given a major boost to the bid.

Yesterday it was announced that Mr Nicholas Royds, a former director of Extel and chairman of its advertising *subsidiary, Royds Advertising,* had agreed to accept the Demerger offer for his 0.6 per cent stake in the group.

Mr Royds, who quit Extel in 1984, has accepted an invitation from Demerger to become chairman of the advertising holding company which would acquire this side of Extel's business if the bid were successful.

Mr Maxwell's remarks came in response to a statement by Extel that he had last week threatened to accept the Demerger offer unless the company agreed to recommend a bid from him.

Mr Maxwell said last night that he had suggested that his merchant bankers and those acting for Extel might negotiate a price higher than that being offered by Demerger and at a level which could be recommended by the Extel board.

Failing this, he would have no alternative but to accept Demerger's offer, which he had now done.

Mr Maxwell angrily rejected claims by Extel and its merchant bank, Kleinwort Benson, that his acceptance of the Demerger offer meant that he was trying to "get the company on the cheap." He said he would sue Kleinwort unless it withdrew the remark.

It was contradictory, he said, to say on the one hand that he had sought a recommended offer for the company and on the other that he was trying to get it cheaply. "They can't have it both ways."

Meanwhile, the Government announced that it would not be referring the Demerger bid to the Monopolies Commission. Extel said that if Mr Maxwell had made a bid himself this would have been sure to have been referred.

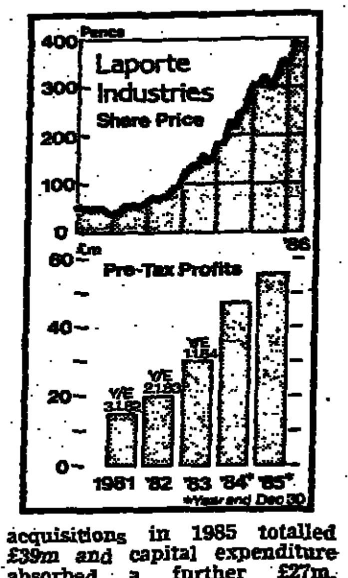
Lifecare moves ahead strongly

In 1985 pre-tax profit of Lifecare International rose from £163,000 to £314,000, the bulk of the profit arising from the investment in international hospitals and nursing home activities. The developments division did not contribute because of delays caused by the inclement weather.

In the current year this side should make a healthy contribution to profit. The company expects to pay a dividend this year.

There are extraordinary charges of £411,000 consisting principally of the loss on disposal of Edward Jones (Contractors) and a profit on realisation of the investment in Treaty Trust.

Laporte climbs 18% on strength of Interox profit share



Laporte Industries (Holdings), the chemicals group, lifted profits by 17.5 per cent last year largely thanks to an improved share from its international peroxide relative Interox.

This helped to compensate for lower profits in the UK and Australia, where trading was boosted last year by Laport's since sold pigments business. Group pre-tax profits totalled *£55.8m in 1985—somewhat short* of City estimates.

The shares fell 17p to 378p on yesterday's *announcement,* but holders are set for a substantial rise in the dividend. This is lifted by 25 per cent from a scrip-adjusted 6.56p per share to 8.25p with a proposed final of 5.05p (4.16p adjusted).

Most of the increase in profit came from Interox, which contributed £5.9m more at £25.7m. There was also a large increase in interest received, up from £0.8m to £4.9m.

As regards current prospects, *Mr R. M. Ringwald,* the chairman, says that there has been a reasonably satisfactory start *to the year He expects that, as* usual, the second half will be more buoyant than the first.

Turnover was static at £357.7m (£355.6m), but last time included a substantial part of the year from the pigments business sold in September 1984. UK sales fell from £134.8m to £128m, while Laporte's share of Interox sales rose from £113.8m to £117.4m.

UK profit before interest fell from £21.2m to £16.9m. Outside Australia, overseas profits showed significant improvements, lifting the total from overseas from £4.2m to £6.4m. Last time there was a strong contribution in the UK and Australia from pigments.

Tax for the year rose from £18.7m to £19.8m, with most of it — some £10.5m (£9.2m) — paid on related companies. Earnings came to 26.3p against an adjusted 20.6p.

An extraordinary credit of £3.2m relates to the excess over book value of the reinstatement cost of fixed assets subject to insurance claims, and to the *release of provisions no longer required for potential costs associated with the pigments sale. Last time* there were below the line credits of £43.2m.

The profit for the year came to £39.9m (£71.1m) of which the dividend will take £11.3m (£8.9m).

Including investments in government securities, the group had a net cash position at year end of £9.5m. Expenditure on acquisitions in 1985 totalled £39m and capital expenditure absorbed a further £27m. Capital spending in principal Interox companies totalled £35m.

● **comment**

A buoyant year for peroxides *maker Interox has contributed* most to Laporte's growth. The move from chlorine to peroxides for bleaching paper has given Interox a boost that for the time being is independent of the rather tepid pulp and paper market. Stripping out £5m *gains from investment sales and* interest, the performance was flat to disappointing in the UK. For setting aside the £6m UK contribution from the now disposed of titanium dioxide business, there was a pre-financial items drop of around £1m at home. Laporte's acquisition drive may be slowing down, along with its capital expenditure programme. The *thinking* appears to be that one purchase circa £20m plus a couple of smaller ones will be enough for 1986. Year-end cash balances could therefore grow towards the £20m mark, helping to sustain the interest element in the profits. While there is always the hope that US washing powder makers will turn towards Interox (*apparently the* American family wash is light years behind Europe's), there has to be the more immediate fear that a 22 per cent pre-tax margin is too good to last. It is easy to say that on forecasts of £63m and a prospective p/e of 13, the shares at 378p look a little cheap but the market needs convincing of the quality *of earnings growth before* backing a re-rating.

Arlington Securities full listing

Arlington Securities, the property group specialising in the development of UK business parks, yesterday confirmed that it would seek a full listing on the London stock exchange next month.

Arlington, which is currently developing five business parks and owns another two sites, last year recorded a 24 per cent increase in pre-tax profits from £2.42m to £3.01m.

Mr Raymond Mould, managing director of *Arlington* and one of the group's joint-founders, said yesterday: "We believe that the time is right for Arlington to go for a full listing in accordance with the undertakings given to shareholders in 1983. *The new capital raised by the offer for future* will be used entirely for future *expansion.*"

Arlington has under its control a land bank of 580 acres for business park development, of which 240 already has planning consent. Developments are underway at Marlow, Newbury, Frimley, Fareham and High Wycombe and others are proposed for Gatwick and Birmingham.

Currency factor slows Hammerson growth

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

A STRONG 1985 performance by Hammerson Group, the UK's most successful international property group, was marred by adverse currency fluctuations.

The group, which has extensive property investments in Canada, the US, Australia and Europe, as well as the UK, recorded a 20 per cent jump in pre-tax profits to £40.09m for the year ended December 31, 1985, against £33.36m in 1984.

Hammerson says that, at 1984 exchange rates, it would have achieved pre-tax profits of £49.9m. The major culprits were the weak Australian and Canadian dollars. The group says that it expects some continuing impact on this year's performance, although rising income stream from Canadian and UK investments and increased activity in Europe should help offset the situation.

The company's assets per share also suffered because of currency fluctuations, falling from £6.02p to £5.59p. Earnings per share, however, rose from 14.31p to 16.01p. Stripping out adverse currency movements, earnings would have reached 20.56p per share. There is a final dividend of 7.5p (6.5p) making 9.5p (8.5p) for the year.

The value of Hammerson's expanding worldwide investment portfolio declined marginally from £1.43bn to £1.41bn. Without the currency factor, the value of the portfolio would have increased to £1.69bn.

Profits from property trading rose from £2.11m to £3.55m, while extraordinary items of £10.6m (£1.21m) reflected the sale of Royal Exchange Buildings in London and of some properties in New Zealand.

At the year-end, the group had a £102m development programme underway.

Mr Sydney Mason, chairman of Hammerson, said yesterday that every sector of the group's property activities had proved "highly successful" over the last 12 months and that the impact of weak currencies "is something an international property group of our size occasionally has to live with."

Wordplex sets sights on profits next year

MEASURES TAKEN by Wordplex Information Systems, the *office automation systems group,* are expected to restore the group to profitability in 1987, the directors claim in their 1985 preliminary statement which shows heavy losses as forecast.

They report that costs are being reduced to a level which, in a full year, will enable the group to operate profitably on forecast sales. Costs reduction moves started in March with the significant cut in staff from the Slough operations, and this will permit operational restructuring leading to increased efficiency and thereby a substantial drop in working capital requirements.

The directors are confident of *achieving a substantial reduction* in bank borrowings by the end of this year; at December 31, 1985 they stood at £13m.

Cost reductions began after the changes in the executive team announced in March, which accompanied the revelation that the group would incur a £3m loss for 1985 and suffer a further £1m in extraordinary charges.

Mr Harry Mallinson, a joint-founder of the company some *10 years ago and its chief* executive, resigned in March, and was followed by Mr E. E. Berkeley, finance director, and Mr W. A. Arnold. Mr John Cross was *appointed* finance director and Mr Richard Kemp sale director.

Published figures show that the group has run up an attributable loss of £4.4m in 1985, compared with the profit last time of £1.68m, and is not paying a final dividend. This leaves the year's payment at 0.5p net, against 1.8p.

Sales rose from £42.78m to £44.53m but were well below budget.

Trading loss came to £2.73m (profit £3.18m) and was aggravated by interest charges of £1.36m (£934,000). However, there was an exceptional credit of £900,000 being the surplus of *transferring sales and marketing rights* in Sweden.

Reviewing the year, the directors say although sales rose from £42.78m to £44.53m they were well below budget. A strong performance expected in the final months did not materialise because lead times on orders for the sophisticated 8000 system were longer than anticipated.

● **comment**

At the interim stage Wordplex made the fatal mistake of pretending all was well to the City and watched its shares tumble when it eventually broached the bad news. Its lesson learnt, the company came clean this time and the market was merciful, Wordplex's shares rose by 2p to 56p yesterday. In 1985 the company made a clean sweep of senior management and implemented a radical cost cutting programme. As the new management team swiftly discovered, further cost cutting is crucial. Operations at the Slough base will be rationalised and various functions — including some research and development — *transferred to this country from* the US. The company is resigned to further losses, of £1m or so, in 1986, but hopes to reduce borrowings in preparation for a return to profits in 1987. Thus far R and D has emerged unscathed from the cuts — the budget rose from £3.4m to £4.4m in 1985 and should rise again to £5.5m this year — *as has its blue chip* client list. All in all Wordplex looks like a prime takeover target, but there are not very many predators prowling around the *electronics sector.*

Kalamazoo £0.8m in loss

The reorganisation and retraining required at Kalamazoo to implement a radical restructure left the group with losses *of £770,000* pre-tax for the half year to January 1 1986.

The results, based on current cost accounting, were struck before taking account of the KWA bonus and compare with profits of £339,000 for the same six months of the previous year.

The interim dividend is being passed (0.5p). The directors are waiting for the full year results before deciding what level of distribution is appropriate.

The group, engaged in business systems, has been trading profitably since January and they expect the results for the second six months to be very similar to last time's.

This would leave the group with a profit for the year but at a lower level than the £1.68m of 1984-85.

During the first half restructuring led to further redundancies and severance payments rose from £106,000 to £293,000.

Mr Tom Garnier, the chairman, says that among the specific causes for the losses were a complete reorganisation and a change in the market sectors on which the group is focusing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ancher Chemical	12	June 7	3	4.25	4.25
Benford Concrete	2.75	May 23	2.75	3.75	3.75
Bentalls	1.9	June 4	1.75	2.3	2.1
Betec	1.3	July 2	1	1.5	1.8
Blue Bird ...int	1.6	—	1.6	—	5.21
Brewmaker‡	0.5	July 1	0.5	0.8	0.5
Brixton Estate	3.35	July 19	3.05	5.65	5.15
Horace Cory	0.4	June 12	0.6*	0.6	1*
East Rand Cons	1	June 6	1.15	1	1.15
Ex-Lands	0.6	—	0.6	0.6	0.6
Hammerson Prop	7.5	June 16	6.5	9.5	8.5
Hestair	2.33	July 1	2.08	3.83	3.58
Kalamazoo ...int	Nil	—	0.5	—	2
Laporte	5.05	June 13	4.16*	8.25	6.56*
Thos Marshall	2.2	—	2	4	2.4
McKechnie Bros ...int	3	—	2.5	—	8
H. & J. Quick ...int	2.25	—	2	2.85	2.6
Ratners (Jlrs) 2nd int	1.5	—	1.83	3†	2.5
Smaller Companies	0.9	—	1.2	1.4	1.7
Scottish Mortgage	5.3	—	4.3	8.5	7.5
Tilbury Gp	3.8	June 11	3.4	5.3	4.8
Wordplex	Nil	—	1.3	0.5	1.8

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To include 0.75p final.

COMPANY NEWS IN BRIEF

EX-LANDS, investment holding company, reports a marginal fall from £72,063 to £71,853 in pre-tax profits for 1985. The dividend is unchanged at 0.6p net, and there is no change at 18.2p in the net asset value per share after taking investments at market value. Earnings per share were 1.31p (1.21p) before an extraordinary debit this time of £198,817.

GOLD & BASE Metal Mines provided £100,000 above the line in 1985 against fixed asset investments and for the year incurred a pre-tax loss of £70,077 (£11,665 profit). The directors expect improved results in 1986. The provision arose from the reintroduction of the financial rand. The company is an investment holding concern.

DWEK GROUP, plastics, houseware and furniture group, has agreed terms to take over Lewing, a sports and leisure wear manufacturer for £1.9m cash. Initial consideration is £1m with the balance over four years depending on Lewing's profits.

BRITISH VITA had started the *year well and in the UK* and Europe the first quarter was ahead of budget. Equally, progress was being made internationally, the AGM was told. *The board looked forward* with confidence to the future.

UK COMPANY NEWS

Ratners aiming for top market slot via £9m call

BY TERRY GARRETT

Ratners (Jewellers) sprung a £8.9m cash call on the market yesterday in preparation for a surge in its new store opening programme. This is expected to increase the number of outlets by a quarter before next Christmas.

To support its cash call Ratners has estimated that profits doubled to not less than £4.25m pre-tax in the 12 months to April 6. The figure marks the retailers' full recovery under the stewardship of Mr Gerald Ratner who took over from his father in April 1984. A year earlier the company had collapsed into the red after a continuous decline from the £3.4m profit of 1979-80.

Since his appointment Gerald Ratner has shifted the shops' range to include goods in the bottom to middle of the market. This strategy was reinforced with the acquisition of Terry's, a discount jeweller, at the end of 1984.

That purchase increased the company's outlets to 152, a number that was increased to 173 during 1985. Mr Ratner now intends to build on Terry's south east base and turn it into a national chain.

He said yesterday that he expects 40 new outlets in time for the Christmas trading season. Ratner's solicitors are already negotiating on 25 different sites.

In addition ot its accelerating store opening programme, Mr Ratner is looking at a number of potential acquisitions. "I want to be the largest jeweller. I need another big acquisition," he announced yesterday. At present this position is held by H. Samuel with 8.9 per cent of the market. Ratners comes number two with 2.6 per cent amongst the specialist chains.

Mr Gerald Ratner, chief executive . . . "I want to be the largest jeweller"

The rights issue is being launched on the basis of one new share at 113p each for every four already held. In the market the shares held steady at 139p.

The profits estimate of £4.25m compared to £2.14m is based on sales of £44.8m against £33.3m. Earnings per share will amount to not less than 8.06p (4.44p).

It is the directors' intention to pay a second interim dividend of 1.5p per share and a final of 0.75p for a full year total of 3p, an increase of 0.5p.

The issue has been underwritten by Morgan Grenfell. Brokers are Kleinwort Grieveson.

● comment

While the High Street in general has been transformed by designers and marketeers, the jewellery specialists have been rather staid. But Gerald Ratner has certainly shaken up thinking in his own company in the past two years and the results are self-evident in the rapid recovery. Yet expansion has run up debt and the interest charge almost doubled last year while gearing is up to 30 per cent. It takes on average £150,000 to open and stock a new store so his programme for '86 left him facing a bill for £6m. The rights money will more than cover that and straighten the balance sheet in preparation for the large acquisition he is obviously angling for. The market has shown itself more than happy to back aggressive retailers over the past year and Ratner's historic 17 p/e is underpinned by thoughts of £6½m pre-tax this year at the very least.

Second half recovery for Anchor Chemical

Anchor Chemical Group recovered most of its £472,000 first half downturn over the second six months of 1985 and for the full year returned profits of £1.13m pre-tax, compared with a previous £1.31m.

Profits for the current year are expected to be similar to those of the past two years.

The directors say this is because the commissioning of the new curing agent plant was later than scheduled and this delayed by six months the impact of the additional income from the plant.

They add that this will reduce the expectations of significant growth in earnings in 1986 they predicted last year.

For 1985 group turnover pushed ahead from £17.12m to £20.96m, despite production and sales difficulties in the opening half year.

The pre-tax results was further depressed by higher than normal borrowings. This was brought about by the time lag in settlement of the fire damage claim and finance costs for the new curing agent plant.

However, the claim has now been settled and the proceeds will have a material affect on the full 1986 results.

Tax for the past year rose to £511,000 (£486,000) and extraordinary credits were down from £409,000 to £206,000.

This left the available balance £408,000 behind at £825,000. Earnings after extraordinary items emerged at 22.06p (40.41p).

A same-again final dividend of 3p holds the net total at 4.25p on the capital enlarged by last summer's rights issue.

Figures for the first half of 1985 were in part affected by a fire at Clayton in September 1984.

Brixton Estate profits near £10m

Brixton Estate, which is engaged in property development and investment, increased taxable profits in 1985 by 8 per cent from £8.96m to £9.68m.

Earnings per share improved from 7.73p to 8.61p and the final dividend has been raised to 3.35p (3.05p), making a higher total of 5.65p (5.15p).

Mr Harry Ancton, the chairman, says that a professional valuation of the group's completed and let properties, both in the UK and overseas, at December 31, shows a surplus over book value of £33.1m before allowing for differences in year-end exchange rates.

Properties held for, or in the course of development have been valued by one of Brixton's directors and, in his opinion, their value in aggregate exceeds book cost.

At the year end, investment properties totalled £283m and net assets were £162m, equal to 197p per share, a rise of 12.6 per cent over the previous year.

On UK developments, the chairman says that the 87,000 sq ft office scheme at Finsbury Square, London, was completed during the year and "is a major addition to our investment portfolio."

Satisfactory progress has also been made on the Regent Office Park, Regents Park Rd, London. Construction of the first phase of two office buildings totalling 31,000 sq ft is well under way and one of the units has been pre-let. Work on the second phase, of 35,000 sq ft, to be built as two units, will commence shortly.

There was a period of strong rental growth in Australia during 1985 and Brixton's prominent office building at 390 St Kilda Rd, Melbourne, benefited accordingly. And the joint development with the Girdis Group of Companies of a 36,600 sq ft office building at Upper Mount Gravatt, Brisbane, was completed, let and sold at a profit.

In Belgium the successful development of the Brixton Business Park near Brussels was completed with the construction and letting of the final phase, comprising 69,800 sq ft of small industrial units.

Further lettings have taken place on German estates and at Hochdahl, near Dusseldorf, the first phase of the new development of 69,000 sq ft of warehouse and office units is complete and is 90 per cent let.

In the US, due to the continuing weakness of the oil industry, conditions in the Houston area remain extremely difficult. No further sales have been made at Greenbriar Southwest Five.

Thos. Marshall up to £1.1m

Thomas Marshall (Loxley) continued its progress in the second half of 1985. Following more than doubled interim profits, the group, which makes casting pit and other specialist refractories, ended the year with pre-tax figures substantially higher at £1.12m, against £482,000.

The directors say they expect a satisfactory result in 1986. The final dividend is increased from 1.3p to 2.2p net for a total 1.6p higher at 4p. Earnings per 25p share advanced from 6.28p to 16.28p.

The company intends to enfranchise its "A" non-voting shares and convert them into ordinary shares. As compensation for dilution of their voting rights, ordinary holders will receive a one-for-ten scrip issue.

Turnover for the year improved from £17.45m to £19.55m. Operating profits came out at £1.4m (£675,000) before adding related companies' contributions of £66,000 (£67,000) and £27,000 (£29,000) investment income, and deducting interest payable of £379,000 (£289,000).

Tax took £198,000 (£124,000), minorities accounted for £7,000 (nil).

The directors report that new articles of association are to be adopted in order to incorporate changes necessitated by the Stock Exchange's listing requirements, developments in practice and recent legislation.

In addition, they are proposing to introduce a savings-related share option scheme and an executive share option scheme, each of which will operate for ten years.

Brewmaker profit falls to £0.5m

With the homebrew market suffering a significant downturn, mainly because of the weather, the USM-quoted Brewmaker group has experienced lower returns in the year ended January 31 1986.

Turnover is down from £8.64m to £7.93m and the pre-tax profit from £634,000 to £519,000. Earnings fell to 1.9p (2p) but the dividend is held at 0.8p net with a final of 0.5p.

The company has been endeavouring to make substantial investment in its future and benefits should start to be realised in the latter half of the current year, the directors state.

Building work has started on the Millbrook factory and some £400,000 is being invested. It will provide the best possible manufacturing facility for Brewmaker soft drink concentrates and homebrew accessories.

The company has agreed to manufacture under licence from Canada Dry Rawlings an R. Whites lemonade concentrate for use with home carbonating machines; and has started to supply beer kits to Boots, which has an estimated 50 per cent share of the homebrew market.

Porsche sales and profits buoyant in UK

BY JOHN GRIFFITHS

THE HIGHLY profitable nature of Porsche car sales in the UK was emphasised last year, when pre-tax profits rose by 57.18 per cent, against an increase in turnover of 29.25 per cent.

In its financial year ending last July, the UK importer achieved a profit of £7.31m pre-tax on turnover of £56.26m, compared with a £4.86m profit on £43.85m in the previous year.

Its ultimate holding company is the Stuttgart-based sports car maker, but its managing director, Mr John Aldington, has a 40 per cent stake.

During the year, Porsche also spent £8.9m on new fixed assets, primarily its new headquarters at Calcot, near Reading, on which work started in May 1984 and which opened last September at a cost of £11m.

Retained profits for last year were £3.63m, up from £2.03m a year earlier. This was after Porsche paid a dividend of 26.25p a share, unchanged from 1984, worth £210,000 to Mr Aldington.

The highest paid director, almost certainly Mr Aldington, also received £83,656 in emoluments, up from £70,392.

Porsche sold some 3,500 cars in the UK last year. But in expectation of further growth, has installed capacity to handle up to 6,000 cars a year at its new headquarters.

Higher margins lift Betec 19%

Betec, the manufacturer of fasteners which was formerly known as Bifurcated Engineering, increased taxable profits by nearly 19 per cent in 1985 to £1.21m.

The result, which the directors say is satisfactory and reflects changes taking place in the structure of its business, represents an improvement in margins—profits at the operating level came to £1.36m against £1.25m on virtually static turnover of £14.77m (£14.68m).

They add that plans to develop property near the company's Aylesbury, Bucks, head quarters, made good progress. They expect to begin a joint housing development on nine acres of the site in the current first half.

Following the return to the dividend list in 1984 after a two-year absence, the company is now lifting the payout for the year by 0.3p to 1.8p with a 1.3p final (1p). Earnings per share come out at 10.18p (8.29p) undiluted, and 6.78p (5.62p) fully diluted.

Interest charges fell from £225,000 to £142,000, but the company paid more in tax at £336,000 against £298,000, to leave net profits at £878,000 (£725,000).

After an extraordinary charge of £341,000 (£138,000) —costs arising early this year for relocation and reorganisation and the disposal of an overseas trading subsidiary—attributable profits come to £537,000 (£587,000), of which the increased dividend will take £38,000 more at £237,000. The retained balance is £300,000 (£388,000).

The directors say that the overall return on capital is still too low, but that encouraging progress was made in the course of the year with the group's reorganisation, which will benefit its long term profitability. "In particular, a strong management team has been established, and the restructuring of the component companies took a major step forward," they add.

First quarter earnings fall for Camco

Camco, a 65.4 per cent owned subsidiary of Pearson, reported net income down from $2.86m to $1.09m (£0.72m) for the first quarter of 1986. Earnings per share dropped from 39 cents to 15 cents, on net sales some $2m lower at $40.17m.

The company, part of Pearson's oil and oil services sector, is a maker and supplier of gas lift equipment, safety systems, completion equipment and related services for the energy industies. The Financial Times is also part of Pearson.

The board says the first quarter decline resulted from a combination of factors including some one-time events which should have their largest impact in the first quarter.

Domestic product and service revenues decreased as the rig count fell substantially in the Gulf of Mexico. Severance costs were charged against the first quarter results as the company trimmed its payroll in response to the market decline.

The international market also declined during the period but not as severely as the domestic market. Additionally, the company's control panel business posted a loss and domestic manufacture of this product is being discontinued in favour of concentrating panel manufacturing in Camco's UK facilities.

Mr Gilbert Tausch, Camco's president and chief executive, says the uncertainty regarding the long-term price of oil is preventing producers from evaluating reservoir projects and has resulted in the quarter's reduction in demand for oilfield products and services.

The company continues its programmes to maintain cash flow and reduce costs.

Total costs and expenses for the quarter were $38.56m ($37.1m) giving pre-tax income of $1.6m ($5.03m). Tax charge was $0.52m against $2.16m and the dividend is increased to 11 cents (10 cents).

East Rand Cons. makes £745,000

Pre-tax profits of East Rand Consolidated for 1985 are shown to have fallen from £1.06m to £745,000. However, the comparable figures included an exceptional credit of £549,000

Tax this time took £228,000 (£95,000) but the inclusion of extraordinary credits of £416,000 (debits £88,000) left available profits at £933,000, against a previous £874,000.

The dividend is 1p per 5p share (1.15p per 10p share).

Pict Petroleum

Pict Petroleum, a USM company, made attributable profits of £73,000 for the six months to December 31 1985 (£426,000 for six months to April 30 1985). Oil and gas sales were £1.57m (£1.94m) and earnings per £1 share £0.86p (5.03p). The disparity in accounting periods arose from a change in year end from October 31 to June 30.

LADBROKE INDEX
1,399-1,405 (+19)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

Better weather helps Tilbury to 7% rise

THE IMPROVED weather over the past four months of 1985 led to a strong trading recovery at Tilbury Group in the second half of the year.

For that period turnover came to £34.52m and pre-tax profit to £2.18m, bringing the year's total to £66.33m and £3.22m. Respectively these show increases of 8 per cent and 7 per cent over the £61.28m and £3.02m of 1984.

The final dividend is 3.8p for a net total of 5.3p, compared with 4.8p previously.

The directors report the construction, roadstone and plant hire divisions all contributed higher profits. The property side was near to reaching its 1984 record profit despite the initial start-up costs of the new housing operation in Scotland.

A split of turnover and profit shows: Construction £37.09m (£32.42m) and £904,000 (£850,000); roadstone £15.12m (£12.39m) and £1.08m (£866,000); plant £2.62m (£6m) and £105,000 (loss £272,000); mechanical services £4.32m (£4.41m) and £100,000 (£123,000); property £7.18m (£6.06m) and £1.24m (£1.27m); parent company loss £239,000 (profit £147,000); related company £30,000 (£34,000).

The small merchanting activity was closed during the year, as there was no sign of recovery in the overseas markets. Closure costs of £48,000 are taken in extraordinary items.

After tax £1.1m (£1.01m) the net profit comes to £2.13m (£2m) for earnings of 14.4p (13.5p) per share. Cost of the dividend is £784,000 (£710,000).

On the outlook, the directors say the construction and mechanical services divisions have encouraging order books, and the improvement in trading in plant hire is being maintained.

Housebuilding remains buoyant. The rapid build up in Scotland is expected to continue throughout 1986 and operations have begun in the south west to form a third region for that activity.

● comment

The gloom of Tilbury's interim-stage prognosis proved to have been overdone and a late recovery took the group well ahead of the £3m forceast in September, but with the market more concerned about events since then, the shares put on just 3p to 160p. Tilbury's roadstone division emerged yesterday as having been the one showing fastest profits growth last year and its sale to Redland leaves a considerable gap. West's did not come into the figures until a fortnight ago, and even had it been in for the full year, could not be expected to show the benefits of new management for some time. With construction as sluggish as ever, the burden of growth is therefore falling heavily on the buoyant private housebuilding and plant hire activities, and these seem unlikely to take the group much beyond £3.6m this year. The roadstone disposal and West's acquisition have effectively removed Tilbury from the list of takeover targets, and with the trading performance looking dull for the foreseeable future, the shares are looking fully valued on a multiple of 10.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Barry Trust, Chrysalis, Govett Strategic Investment Trust, Kwik Save.

Finals—Campari International, Cussins Property, J. E. England (Wellington), Govett Oriental Investment Trust, Newarthill, North Sea Assets, Renown Inc, Singapore Para Rubber Estates.

FUTURE DATES

Interims—

Allied London Properties	Apr. 21
Circaprint	May 6
Grand Metropolitan	May 15
Japan Assets Trust	Apr. 22
Klark-Teknik	Apr. 21
Swindon Private Hospital	Apr. 21
Tate and Lyle	Apr. 30
Warner Estate	May 15

Finals—

Cannon Street Investments	Apr. 23
Clayton, Son	Apr. 25
Farnell Electronics	Apr. 30
Fleming Universal Invest Tst	Apr. 23
Investors in Industry	May 15
Plasmec	Apr. 28
Pochins	Apr. 23
SCUSA	Apr. 22
Smallshaw (R.) (Knitwear)	Apr. 23
Southend Stadium	Apr. 25
Stewart Enterprise Investment	May 23
Trefus	May 1
Walker (J.O.)	Apr. 25
Young and Co's Brewery	May 22

H. Cory £0.2m loss after stock write-off

FROM just above break-even in the first half, chemical colour manufacturer Horace Cory has slumped into a loss of £224,000 over the whole of 1985, compared with a profit of £1.05m. The main reason for the turnround was a considerable stock write-off.

The directors stress that the past two years were exceptional in every sense and are more fairly viewed in combination. Taken together they show a profit in excess of the two previous years and on that basis, and coupled with improved prospects for 1986, they are paying a final dividend.

This is 0.4p, and cuts the total from an adjusted 1p to 0.6p net. Loss per share was 0.77p (earnings 2.94p).

In 1984, the company was obliged to pay excessively high US dollar prices to obtain sufficient stocks of cochineal (which was in short supply) for its derivative carmine, when the exchange rate was unfavourable.

The subsequent fall off in demand resulted in cancelled carmine export orders and then a world slump in prices as pressure on supplies ended, and this at a time when sterling was rising against the dollar. It was necessary, therefore, to write down stocks very considerably at December 31, 1985.

Benford Concrete advances 29%

Reflecting the effect of the economies and re-organisation carried out in 1984, Benford Concrete Machinery, the Warwick construction equipment group, lifted pre-tax profits by 29 per cent from £986,000 to £1.27m for 1985. Turnover was static at £20.76m.

Earnings per 10p share rose from 2.32p to 3.36p, while the final dividend is held at 2.75p net for an unchanged total of 3.75p.

Net attributable profits more than doubled from £331,000 to £746,000. Tax took £553,000 (£460,000) and there were minority credit of £26,000 (£11,000 debits). Last time, there was also an extraordinary charge of £184,000. The dividend costs £332,000 (same).

Recovery at H & J Quick

After a downturn in the first six months, the H. & J. Quick Group recovered strongly and for the full 1985 year saw its profits improve from 1984's depressed £117,000 to £637,000 pre-tax.

Turnover of the group, a Manchester-based Ford dealer, increased from £93.26m to £108.37m and at the operating level profits rose by £633,000 to £1.66m. Interest charges accounted for £1.16m (£924,000).

Earnings came through at 9.51p (nil) after tax of £83,000 (£80,000) and a final dividend of 2.25p makes a net total of 2.85p, up from 2.6p.

Although pleased with the results the directors say the group is not yet making an acceptable return on shareholders' funds. However, they add that significant progress has been made since the appointment of Mr Tim Worrall as managing director.

The current year has started satisfactorily with activity and profits in line with internal budgets. The directors say that although there is no prospect of any softening of competition they are optimistic about the future.

Roadworks slow Bentalls' progress

Pre-tax profits at Bentalls, department stores, increased by 7.5 per cent from £3.04m to £3.27m in the year to February 1 1986, but this was below the board's expectations, particularly after the increase experienced in the opening half, when profits rose from £364,000 to £813,000.

Mr L. Edward Bentall, the chairman, puts some of the blame on roadworks in the town centre at Kingston-upon-Thames, where the group has its main store. These works did not encourage people to shop in that store, and the Christmas trading period was unexpectedly quiet.

He says the roadworks are continuing to have an adverse effect on turnover at Kingston, with the result that group sales for the opening weeks of the year are level with last year.

The planning application for the Kingston store site is expected to be submitted in July, and further details will be given at the annual meeting on June 3.

Group turnover, excluding VAT, rose from £61.38m to £62.75m during the year, but operating profits were down from £3.23m to £3.12m. The pre-tax figure included interest received of £148,000 against £189,000 paid.

Tax was £1.24m (£990,000), leaving attributable profits of £2.03m (£3.83m, which included an extraordinary credit of £1.79m).

The final dividend is increased from 1.75p to 1.9p net for a total of 2.3p (2.1p). Dividends absorb £960,000 (£876,000), leaving retained profits of £1.07m compared with £2.96m. Stated earnings per 10p share were slightly lower at 4.87p against 4.91p.

CARBORUNDUM ABRASIVES increased 1985 pre-tax profits by £410,000 to £1.91m. Sales were 8.5 per cent higher. A final dividend of 5p makes a net total of 6.4p (3.4p). The company's shares are traded on the market made by Granville and Company.

FT LAW REPORTS

Bank can seek sale of house for husband's guarantee debt

MIDLAND BANK PLC V. PIKE AND PIKE

Mr Edward Nugee QC, Deputy High Court Judge: Chancery Division: March 25 1986

A CHARGING order over the beneficial interest of a co-owner of land held on trust for sale entitles the chargee to apply to the court for an order for sale of the land in order to enforce the charge, and does not limit him to applying for sale of the beneficial interest only or for appointment of a receiver of that interest.

Mr Edward Nugee, sitting as a deputy judge of the Chancery Division, so held when allowing an appeal by Midland Bank plc from a decision of Master Gowers that it had no *locus standi* to apply for an order for the sales of property owned by Mr and Mrs Pike of The Warren, Radlett, Herts.

Section 30 of the Law of Property Act 1925 provides: "If the trustees for sale [of land] refuse to sell . . . any person interested may apply to the court . . . and the court may make such order as it thinks fit."

* * *

HIS LORDSHIP said that Mr and Mrs Pike were registered owners of a property which was their only home.

On November 7 1984, Midland Bank obtained judgment against Mr Pike for £56,000 with interest and costs, based on a guarantee and personal indebtedness to which Mrs Pike was not a party.

The bank obtained a charging order over Mr Pike's interest in the property. It issued an originating summons claiming that the property be sold with vacant possession. The application was made under section 30 of the Law of Property Act 1925.

On February 25 1986 the summons came before Master Gowers who refused to make an order for sale on the ground that the bank had no *locus standi* to apply under section 30.

The bank appealed.

Immediately prior to the making of the charging order, the legal estate in the land was vested in Mr and Mrs Pike on trust for sale, and their beneficial interests subsisted in proceeds of sale and net rents and profits until sale.

The Charging Orders Act 1979 authorised the imposition of a charging order on any interest held by the debtor beneficially under any trust.

A charge imposed by a charging order was stated in section 3(4) of that Act to "have the like effect and shall be enforceable in . . . the same manner as an equitable charge created by the debtor by writing under his hand."

The normal method of enforcing an equitable charge under hand was by application to the court for an order for sale or for appointment of a receiver.

The bank could apply for an order for the sale of Mr Pike's beneficial interest or for appointment of a receiver of that interest. But neither remedy would enable it to obtain as much as it could by sale of the property itself.

It therefore sought an order for sale of the property under section 30 of the 1925 Act.

Mr Mann, for the bank, submitted that the charging order had "the like effect as an equitable charge"; that an equitable charge gave the chargee a proprietary interest in the property charged; and that the proprietary interest was sufficient to make the bank a "person interested" for the purpose of section 30.

He based his submission on principle and authority.

As to principle, an equitable charge, he submitted, had all the characteristics of a proprietary interest. It endured through changes of ownership of the property charged; the rights of the chargee prevailed over those of a trustee in bankruptcy or any successor in title of the chargor; and the benefit of the charge was transmissible. An equitable charge operated as an assignment *pro tanto* of the property charged.

That submission was accepted. It was supported by *Swiss Bank v. Lloyds Bank* [1979] Ch. 548; [1982] AC 584.

As to authority, there were a number of reported cases in which it had been stated or assumed that an equitable chargee could apply for an order for sale under section 30.

In *Stevens v Hutchinson* [1953] Ch. 299 Mr Justice Upjohn said that a "person interested" within section 30 meant "a person interested in some proprietary right under the trust for sale, whether as beneficiary or assignee or chargee . . ."

In *Thames Guaranty* [1985] QB 210 Lord Justice Slade accepted as a fact that a charge on the interest of one co-owner in the proceeds of sale would give the chargee *locus standi* to apply for a sale under section 30.

Similarly, in *First National Securities* [1985] QB 850 Mr Justice Bingham and the Court of Appeal proceeded on the basis that a creditor who had the benefit of a charging order on the interest of one co-owner could apply for an order for sale under section 30.

In *Harman v Glencross* [1986] 1 All ER 545, 553 Mr Justice Balcombe said: "The purpose of the judgment creditor seeking a charging order is to enable him to realise the husband's share so as to satisfy his judgment debt. That will require a sale of the house, for which the judgment creditor will become entitled to apply under section 30 . . ."

At page 560 Lord Justice Fox said: ". . . the effect of a charging order would be that the creditor could make an application under section 30 . . . to sell the house."

Master Gowers concluded that the only right an equitable chargee had was to apply for sale of, or appointment of a receiver of, the property charged; that where that property consisted of a beneficial interest in the proceeds of sale of land held on trust for sale, he had no right to ask the court to sell the whole of the land in order to realise the share over which he had a charge.

There was no doubt, even in the absence of authority on the point, that a person entitled to a charging order on the share of a co-owner in the proceeds of sale of land, had a proprietary interest in that share and was a "person interested" for the purposes of section 30, just as much as the co-owner himself.

The recent authorities in the Court of Appeal placed the matter beyond argument.

It might seem unfortunate to Mrs Pike and others in a similar position that a person with a charging order on their co-owner's interest appeared to have a better prospect for obtaining an order for sale of the property than their co-owner himself would have had; but the fact that he did was the foundation on which the whole of the arguments in those authorities was erected.

The appeal was allowed. The bank was entitled to apply under section 30 for an order for sale of the property as a person interested. The matter was adjourned to Master Gowers for further consideration of the bank's application.

For the bank: Anthony Mann (Jaques & Lewis).

For Mr and Mrs Pike: Jonathan Henty (Eric Cheek & Co.).

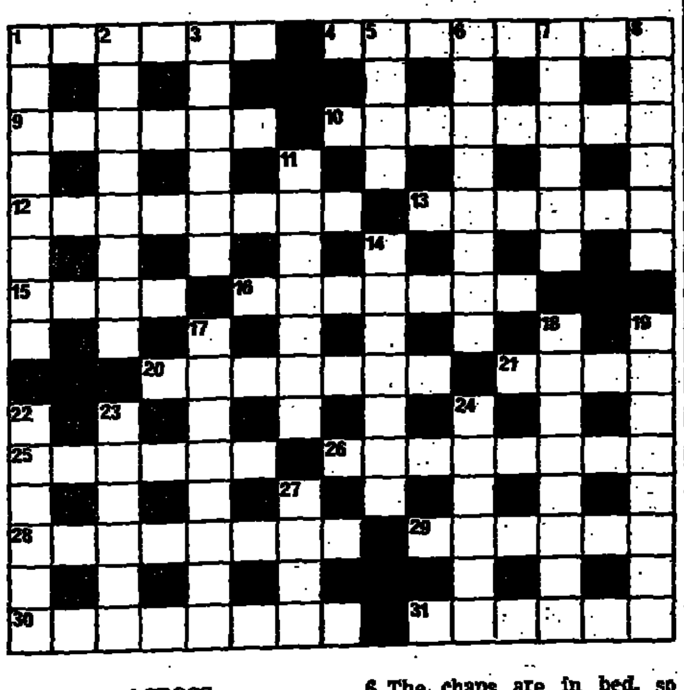
By Rachel Davies
Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68, Kingsway, London WC2B 6BD. Phone 01-831 0391.

FT CROSSWORD PUZZLE No. 6,000

GRIFFIN

Sixteen clues are normal. In the other sixteen the subsidiary portion of the clue is meaningless and must be discarded; however, the connection between the "definition" and the answer is the same in every case.



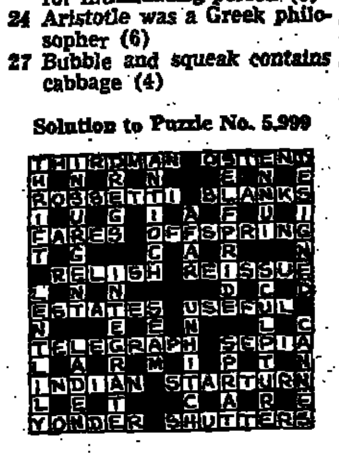
ACROSS

1 Johnnie Horner had a girlfriend (6)
4 The police arrested Doctor Crippen (8)
9 An exploding sky rocket (6)
10 Some unusual old transport taken back round for a monkey (8)
12 Boilers are often lubricated right if brought back in (8-5)
13 Bread and cheese with pickles (8)
15 Breweries in Burton-on-Trent (4)
16 Shot by a bow and arrow (7)
20 God made Adam and Eve (7)
21 War causes trouble and strife (4)
25 Sally Rose turned it back to front inside (6)
26 Idle Nell is prepared to accept the same good books (8)
28 Ginger beer poured into a glass (8)
29 A pound of apples and pears (6)
30 Husband Francis gives May apple (8)
31 Rows between neighbours? (6)

DOWN

1 Mother Hubbard lived in a shoe (8)
2 Left reeling in the fish (8)
3 Cover for an observer (6)
5 Frog and Toad met by the river (4)
6 The chaps are in bed, so upset by the peppers (8)
7 Susie opened the front door and emerged (6)
8 Bread and butter with jam on it (6)
11 Man and mate give up hope (7)
14 Energetic doctor has gin cocktail around four (7)
17 Lilley & Skinner sell many things (8)
18 The mercenary girl ne upset at home dropped in (8)
19 Men drilling in hollows sit up (8)
22 Consider the Middle West suitable to return to (6)
23 College fellow holds music for intimidating person (6)
24 Aristotle was a Greek philosopher (6)
27 Bubble and squeak contains cabbage (4)

Solution to Puzzle No. 5,999



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road London EC1Y 2AY 01 628 6626

Americ an Mangers	[illegible]	[illegible]	[illegible]	1 12
Amer Tech & Govt Fd	104 2	111 [illegible]	[illegible]	0 5[illegible]
European Growth	28 6	30 [illegible]	[illegible]	0 5[illegible]
European Income	32 9	35 [illegible]	[illegible]	[illegible]
Exempt	539 7	[illegible]		[illegible]
Inml Growth Fd	27 4	29 [illegible]	+0 5	[illegible]
International Income	56 1	60 [illegible]	[illegible]	[illegible]
Jap Tech & Genl	85 1	90 [illegible]	[illegible]	0 01
Pacific Fund	152 0	[illegible]	[illegible]	0 01
Secure Income Fd	176 2	188 3[illegible]	+1 1	4 54
Small Co s Fd	37 7	40 [illegible]	+0 3	1 4[illegible]
Special Sits	218 4	23[illegible]	+5 [illegible]	2 18
UK General Fund	35 6	38 [illegible]	+0 4	2 32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	26 0	27 8[illegible]	+0 [illegible]	2 92
Accum Units	29 8	30 9	+0 3	2 92

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	222 9	237 6	+2 5	2 23
(Accum Units)	250 3	266 6	+2 8	2 23
(Withdrawal Units)	161 4	171 9	+1 8	2 23
Australian Fund	123 6	131 6	+0 5	1 02
(Accum Units)	125 0	133 0	+0 5	1 02
British Fund	590 0	628 [illegible]	+5 [illegible]	4 23
(Accum Units)	794 7	846 1	+7 1	4 23
European Fund	266 7	284 0	+1 6	0 87
(Accum Units)	280 8	299 1	+1 1	0 87
Japan Fund	257 8	274 6	+2 5	0 37
(Accum Units)	259 1	276 0	+2 4	0 37
Sales PPP	165 1	173 8		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	398 5	423 9	+5 2	2 24
North American	57 9	61 6	+0 7	1 17
Far East	66 2	70 4	+1 3	0 11

Sun Life Trust Mgmt. Ltd
107 Cheapside London EC2V 6DU 01 606 6010

American Growth Acc	32 2	34 [illegible]	+0 2	1 4
American Income Acc	30 9	32 [illegible]	+0 4	5 5
American Income Inc	30 5	32 [illegible]	+0 [illegible]	5 5
European Growth Acc	49 6	5[illegible]	+0 [illegible]	3 8
European Income Acc	33 [illegible]	3[illegible]		4 5
Far East Growth Acc	36 4	38 8	+0 [illegible]	0 6
Intl Growth Acc	33 2	35 3	+0 3	2 0
Japan Growth Acc	45 6	48 5	[illegible]	[illegible]

Aetna Life Insurance Co Ltd
401 St John St London EC1V 4QE 01 837 2303

Life Funds (Accumulator Units)

Squirrel	[illegible]	10 94	
Bear	11 1[illegible]	[illegible]	+0 11
Owl	[illegible]	[illegible]	[illegible]
Bull	[illegible]	[illegible]	[illegible]
Stag	11 46	12 0[illegible]	[illegible]
Gilt Edged	11 25		+0 16
Deposit	9 68		

Pension Funds (Accumulator Units)

Squirrel	10 94	11 52	+0 01
Bear	12 30	12 95	+0 14
Owl	12 84	13 52	+0 15
Bull	13 57	14 29	+0 11
Stag	13 15	13 85	+0 [illegible]
Gilt Edged	11 25		+0 16
Deposit	9 64		+0 01

Exempt Approved

Mixed Managed	130 86	137 54	+1 26

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd Acc (2)	710 0	747 4	+1 3
European Fd Accum (2)	191 4	201 4	+0 2
Fixed Int Acc (2)	305 1	321 3	+0 6
Gtd Money Fd Acc (2)	195 6	205 9	+0 1
Intl Man Fd Acc (2)	291 0	306 [illegible]	-1 1
Intl Fxd Int Fd Acc (2)	175 6	184 8	-0 1
Japan Fund (2)	209 1	220 0	+1 9
Nth American Fd Acc (2)	163 3	172 0	-2 5
Prop Fd Acc (2)	198 2	208 6	
Multiple Inv Acc (2)	497 2	523 3	+0 2

Pension Funds

Eq Pen Fd Acc	1,281 8	1,349 2	+3 3
Euro Fd Acc (2)	242 6	255 3	+0 6
Fixed Inv Acc (2)	572 7	602 8	+1 7
Gt Money Pn Acc (2)	314 8	331 4	+0 1
Intl Man Fd (2)	405 2	426 [illegible]	-1 2
Jap Pen Fd Acc (2)	269 4	283 5	+3 5
N Am Pn Fd Acc (2)	189 4	199 8	-2 4
Property (2)	289 3	304 5	-0 1
Multiple Inv Pens Acc (2)	919 8	968 1	+0 4

Allied Dunbar Assurance Plc
Allied Dunbar Ctr Swindon SN1 1EL 0793 28291

Fixed Int Dep Acc	216 1	227 5	+0 3
Equity Acc	636 0	[illegible]	+1 2
Property Acc	311 2	327 6	-0 2

[illegible]

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Skandia Life Assurance Co Ltd
Frobisher Hse, Nelson Gte Southampton 0703 334411

Skandia Life Funds			
Managed Fd	711.2	722.3	-0.2
Equity Fd	228.3	240.5	-0.3
International Fd	231.8	244.0	-0.4
Gilt Plus Fd	177.1	186.4	-0.5
Property Fd	151.1	159.0	
Deposit Fd	153.5	161.6	+0.1
North American Fd	121.4	127.7	-1.0
North European Fd	188.8	198.7	+2.0
Int. Recovery Fd	146.1	153.7	+0.4
Pacific Fd	148.6	156.4	-0.1
Skandia Arbuthnot Funds			
Capital Growth	120.6	126.9	+0.3
Eastern & Intl	113.4	119.3	+0.3
Fin & Prop Share	135.8	142.9	-0.3
International	98.0	103.1	
Gilt & Fixed Int.	116.8	122.9	+0.1
Equity Income	144.6	152.2	+0.1
High Yield	134.2	141.2	
Managed	141.0	148.4	+0.3
Preference Share	118.7	124.9	
Smaller Companies	132.1	139.0	+0.2
World Prop Share	87.8	92.4	
Skandia Britannia Funds			
Growth Gilt	106.7	112.3	
Intnl Recovery	140.3	147.6	-0.2
Smaller Companies	127.7	134.4	-0.2

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	169.1	178.0	-0.5
Gilt & Fixed Int Fd	138.5	145.8	-1.2
Cash Fund	117.9	124.1	+0.1

Transatlantic Life Assur Co Ltd

Transinternational Life Ins. Co Ltd
55-57 High Holborn, WC1V 6DU

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	10.35	7.73	11.21	Qtr
Money Acc	10.20	7.62	11.05	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.875	7.38	10.76	Mth
Over £10,000	10.125	7.57	11.04	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24141

High Int Chq Acc	10.375	7.76	11.68	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers — compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	£
Allied-Lyons	28
BAT	38
BOC Grp	32
BSR	14
BTR	45
Babcock	20
Barclays	45
Beecham	32
Blue Circle	55
Boots	26
Bowaters	30
Brit Aerospace	48
Brit. Telecom	27
Brown (J.)	3
Burton Ord	32
Cadburys	17
Charter Cons	22
Comm Union	28
Courtaulds	26
Distillers	52
FNFC	15
Gen Accident	75
Gen Electric	17
Glaxo	100
Grand Met	34
GUS 'A'	75
Guardian	75
GKN	32
Hanson Tst	16
Hawker Sidd	52
ICI	50
Imps	20
Jaguar	27
Ladbroke	32
Legal & Gen	79
Lex Service	38
Lloyds Bank	55
Lucas Inds	60
Marks & Spencer	18
Midland Bk	44
NEI	11
Nat West Bk	70
P & O Dfd	45
Plessey	20
Polly Peck	16
Racal Elect	17
RHM	20
Rank Org Ord	48
Reed Intnl	75
Sears	12
TI	42
Tesco	30
Thorn EMI	35
Trust Houses	12
Turner Newall	28
Unilever	120
Vickers	40
Wellcome	19
Property	
Brit Land	16
Land Secs	30
MEPC	32
Peachey	24
Samuel Props	18
Oils	
Brit. Oil & Min.	2½
Brit Petroleum	48
Burmah Oil	30
Charterhall	3
Premier	3½
Shell	55
Tricentrol	15
Ultramar	18
Mines	
Cons Gold	40
Lonrho	25
Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

ITC 'waived right to immunity'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INTERNATIONAL Tin Council has failed to rid itself of a £10m claim brought against it by Standard Chartered Bank.

A High Court judge yesterday dismissed the ITC's bid to have the bank's writ set aside. The ITC had claimed that it was immune from the court's jurisdiction in the case.

Mr Justice Bingham ruled that, although the ITC was given immunity from legal process by *the 1972 International Tin Council* (Immunities and Privileges) Order, it had expressly waived its right to immunity in the loan agreement it signed with Standard Chartered.

In the July, 1982, agreement by which the bank granted the ITC a £10m loan facility, the ITC "irrevocably" submitted to the jurisdiction of the English High Court.

The judge said that last month Standard Chartered issued a writ alleging that the ITC had defaulted on repayment of the loan.

Standard Chartered contended that the jurisdiction clause in the loan agreement was a clear express waiver by the ITC of the immunity given to it by the 1972 Order.

The ITC, in what *the judge* described as an ingenious but fallacious argument, contended that the 1972 Order, which made it legally immune unless it waived its immunity in a specific case, did not apply to contractual claims against it.

It argued that, under a 1972 agreement it made with the UK Government — the "Headquarters Agreement"—its contractual disputes were to be resolved by arbitration.

The judge agreed that the loan agreement should have included an arbitration clause, the omission of which might at most, have involved an oversight by the bank.

That omission, however, *whether deliberate or inadvertent*, was a breach by the ITC of its obligations under the Headquarters Agreement.

"The ITC submits that the result of this breach by it is that the bank are now precluded from suing it without its consent. That would, indeed, be a strange conclusion."

The judge also rejected the *ITC's contention that there was* a time limit within which a waiver of immunity must be made if it was to be effective.

He said the 1972 Order contained no such limitation. All that was required was an express waiver, and nothing could be more express than the jurisdiction clause in the loan *agreement*.

That construction, he added, seemed so fair and sensible and commercial "that I see no reason to struggle against it."

Finally the ITC argued that the draftsmen of the Headquarters Agreement and the 1972 Order could not have intended to provide for a waiver of immunity effective upon a *mere contractual* undertaking to submit to the English court's jurisdiction.

The judge's answer was that the draftsmen must have intended that a clear contractual waiver, such as that in the loan agreement, would be given effect in accordance with its terms.

He concluded, "without reluctance," that the ITC's immunity claim failed. He said he could not bring himself to suppose that the responsible officers of the ITC who accepted the terms of the loan agreement had conceived the jurisdiction clause to have the nugatory effect the ITC now suggested.

"My conclusion, therefore, enables effect to be given to the manifest intentions of the parties."

YESTERDAY's verdict, believed to be the first occasion on which an English judge has stripped the International Tin Council of its legal immunity, came as no surprise to the Council itself, writes Andrew Gowers.

Officials pointed out that the loan agreement in question was tightly written, containing a specific waiver immunity. Representatives of member governments will be considering the judgment's implications over the next few days but they seem unlikely to launch an appeal against it.

"Our legal opinion felt there was no point in our appealing. We'd be bound to lose," said one official.

Standard Chartered Bank had no official comment but its officials were claiming a significant victory in what they regard as an important test case.

However, they pointed out that this was only the first hurdle in Standard's battle to recover its £10.6m loan. The bank's next *step* could be to seek a summary judgment from the courts on its claim on the grounds that the ITC can have no defence against it.

Even then, *it* is not clear that the bank will find it easy to lay its hands on the money. Standard Chartered is understood to have warrants for 1,500 tonnes of tin, which might fetch around £5m to £6m at current free-market prices.

In addition, the ITC itself has about 2,700 tonnes of what *it calls "unencumbered" tin* — that is, metal which is not committed under warrant. However, 800 tonnes of this, held in Singapore, is the subject of a dispute between the ITC and another party.

Furthermore, another litigant against the ITC — Maclaine Watson, the metal trading subsidiary of US investment house Drexel Burnham Lambert — is also fairly far advanced in its action to recover money from the Council. Officials say that *only the first of the two to* receive a judgment in its favour will probably get full settlement of its claim.

In the event that either did not obtain full settlement, it would then presumably have to sue a member government or several member governments of the ITC. As sovereign governments, they, too, have been claiming legal immunity, and that contention has yet to be challenged in the courts.

US extends export subsidies

By Nancy Dunne in Washington

THE US Department of Agriculture (USDA) has launced an aggressive $110m export promotion and marketing programme for 1986, which is designed to counter the impact of unfair trade practices allegedly committed by the US's competitors.

Grants were announced this week to the walnut, citrus, raisin and canned fruit industries to counter EEC practices the USDA deems to be unfair. Special assistance for advertising and promotion will also e granted to producers of frozen potatoes and forest products.

The grants are to be paid through a complex system designed to reduce Government stocks. Aid recipients will receive commdity certificateso which allws them to redeem Government-owned surplus products, which can then be sold or traded. The introduction of additional grain on the market could depress already low grain prices still further.

Under a provision in last year's Food Security Act, the USDA must spend a minimum $870m over the next four years on export promotion schemes. The USDA has particularly targeted products which have been named by industry groups in 301 unfair trade cases.

The department has set aside $7m for export promotion in Western Europe and Japan "to offset the adverse effects on US walnut exports of the retaliatory import duty imposed by the Eurpean Community last November." Promotional activities, like television and billboard advertising, are to be carried out through an agreement between the USDA and the Walnut Marketing Board of California.

To expand exports in Europe and the Pacific Rim countries and to counter the effects of the EEC's subsidy and minimum import price system for Greek raisins, the USDA has set aside $6.4m for promotion.

Holco to halt metal trading

BY ANDREW GOWERS

DAMAGE FROM the tin crisis spread yesterday, when Holco Trading Co, a London Metal Exchange member, announced that it had decided to close its metal trading and broking activities with immediate effect. Between 25 and 30 jobs — including traders and back-up staff — will be axed.

The company, a subsidiary of the E. D. and F. Man group for the last three years, earlier announced that it was limiting its LME operations to liquidation of existing contracts. However, it remained a member of the exchange, and left open the possibility that it might resume trading on the LME ring if the exchange moved swiftly to set up a full clearing-house system.

Mr Mike Metcalfe, a Holco director, said yesterday that the exchange was still moving too slowly despite having announced its intention to set up a clearing house. "There's an enormous resistance to change," he added.

Holco has now decided to concentrate on its cocoa trading business, *which was its original* mainstay, in conjunction with its parent's activities in coffee and sugar.

"The old idea that the commodity trading companies had that they could trade in everything was a fallacy," said Mr Metcalfe.

EEC unveils agricultural restructuring package

BY MAGGIE FORD IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled a package of restructuring measures designed to encourage European farmers to improve their efficiency and to grow crops that are not in surplus such as timber.

The package, which would cost about Ecu 900m (£571m) between 1987 to 1991, features an early retirement scheme, compensation for farmers who restructure their operations, turn land over to forests or leave it uncultivated, measures to improve the environment and aid for research, technical and scientific advice.

Mr Frans Andriessen, the *EEC Agriculture Commissioner*, is to present the package to Farm Ministers meeting in Luxembourg next Monday to consider this year's farm price plans.

Under yesterday's package the emphasis would be switched from price to income support for farmers. At the same time, farmers in the poorer EEC countries would particularly benefit

The Commission suggests that farmers over 55, who make up 19 per cent of the Community total, would be paid a maximum of Ecu4,000 per couple per year for a maximum of 10 years up to the age of 70 if their farm is given over to a young member of the family.

Older farmers who simply abandoned cultivation of their land would be paid a bonus of Ecu150 per hectare per year for as long as the land remained uncultivated. These two measresare would costs a total of Ecu293m for the period.

Young farmers would also be encouraged either to switch production for a minium of five years in line with market needs, or to let at least 20 per cent of it lie fallow. They would be given a maximum compensation of Ecu 100 per hectare per year at a total cost of Ecu13m. An additional Ecu42m would be spent on investment aid for young farmers.

Those working land in less favoured areas, such as hill farmers, would have their compensation payments doubled if they change to different production, especially afforestation, where the compensation period would last for 20 pears. This would cost Ecu 388m between 1987 and 1991.

To encourage farmers to leave their land as open space, in an effort to improve the countryside, the Commission would put aside Ecu 40m for compensation payments. Farmers would have to leave the land uncultivated for at least five years and not be receiving other compensation.

The Commission earmarks Ecu24m for technical advice to improve production quality and encourage afforestation.

MEPs back farm price restraint

THE European Parliament yesterday called for a general freeze on farm price supports in the toughest-ever stand it has taken on the problem of EEC *food surpluses, reports Reuter from Strasbourg.*

MEPs voted 182 to 151 in favour of an amended report urging the adoption of a *restrictive price policy similar to* that proposed by the European Commission.

In Luxembourg meanwhile Mr Lorenzo Natali, the EEC's *development commissioner*, said the Commission was to propose reforms to the Community's food aid policy aimed at making it more effective and cheaper to operate.

EEC officials said the Commission watned to buy surplus crops from developing countries bordering famine-hit African states instead of providing *food from Community surpluses*. EEC diplomats said such a move would be certain to anger the Community farm lobby.

Regulations governing "triangular" operations, whereby the EEC buys food from one country for supply to another, would be eased to promote their wider use, Mr Natali said.

Australia plans tougher futures rules

BY PATRICIA NEWBY IN MELBOURNE

THE AUSTRALIAN Government has introduced legislation to regulate futures trading aimed at protecting clients from fraudulent practices and providing uniform laws across the country.

The Futures Industry Bill *1986, introduced into parliament* this week by Mr Lionel Bowen, the attorney-general, has the broad support of futures brokers and the Sydney Futures Exchange (SFE).

The executives director of the SFE, Mr Les Hosking, said the umbrella legislation would provide greater confidence in futures trading for both Australian and overseas investors.

The Sydney Futures Exchange has existed for 25 years virtually unregulated, except *in the last five years* when it has operated under New South Wales state legislation.

In the last five years the Australian financial system has really come of age. Over the past 12 months, business at the SFE has increased five fold from an average of 2,400 to 12,500 contracts a day.

The new legislation is also considered timely to inspire confidence overseas as the SFE is arranging links with the US and the UK.

The new legislation requires that all futures brokers, advisers and their representatives be licensed. They will also be required to belong to a futures exchange or a futures association and these self-regulatory bodies will be responsible for day to day regulation of their members.

The National Companies and Securities Commission (NCSC), the Melbourne-based Federal Government body which regulates the securities industry, will have its powers widened to cover futures. *It will be able to investigate the* affairs of a futures exchange, a clearing house, a futures association and persons licensed under the legislation.

Criminal sanctions, *including fines and imprisonment*, will apply for fraudulent practices such as insider trading, market manipulation and "bucketing," (where a client's orders are not executed but the broker leads the client to believe they have been carried out). To protect clients from this practice, contract notes will have to *be issued for all transactions.*

Further security for clients will be provided by the establishment at brokers' expense of a fidelity fund to compensate investors who suffer losses because of offences by brokers.

The other major protection for investors is that clients' funds must be segregated from brokers' funds. Four or five reasonably sized Australian commodities brokers have collapsed in the past 10 years leaving clients out-of-pocket.

Mr Hosking of the SFE says major users of broking houses are banks and financial institutions which show preference for an exchange that is properly regulated and *where the rules are known* to everybody.

The SFE is currently arranging a link with the Commodity Exchange of New York (Comex) for a fungible *gold contract so that anybody* buying in either Sydney or New York can liquidate their position in either city. A similar arrangement for silver is expected to follow shortly.

Mr Hoskins said the SFE was also looking to establish a link for Eurodollars and US treasury bond futures with the London International Financial Futures Exchange (Liffe).

Apart from the SFE, the Australian Financial Futures Market trades equity futures on the floor of the Melbourne Stock Exchange.

● New legislation will allow the Australian Wheat Board (AWB) to trade in a wider range of financial contracts to hedge against poor wheat returns, Mr John Kesin, the primary industry minister said, reports Reuter from Canberra.

Introducing the Wheat Marketing Amendment Bill to Parliament he said the AWB already had the power to engage in a number of hedging activities but it would be given more autonomy in commercial undertakings with less ministerial involvement.

"In order to protect returns to growers from sudden adverse movements *in international wheat prices* and exchange rates, the Board must be able to utilise the range of hedging instruments available," Mr Kerin said.

The Bill will also enable the AWB to set up or take equity interest in subsidiaries if this would help it perform its functions more efficiently although ministerial approval will be required, he said.

LONDON MARKETS

THE COCOA futures market leapt yesterday to recoup the losses it suffered over the past two weeks. In active trading, *the July contract rose £48.50* to £1,427 a tonne. Dealers said the rebound largely reflected a reaction to the market's weakness over the past few months, with some *operators taking profits. There is* also said to be underlying concern about the crop in Brazil, the second largest producer, where cocoa growing regions have been affected by *abnormally dry weather over* the past two months. In addition, there appears to be some immediate tightness in the market, causing some operators to cover their nearby positions. The May contract has now gone to a significant premium over July, rising £49 yesterday to close at £1,437.50 a tonne. On the London Metal Exchange, most metals declined in reaction to the strength of sterling against the dollar.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	747-9	+0.25	—
3 months	757-7.5	—0.5	759/752

Official closing (am): Cash 749-50 (748-9), three months 756.5-7 (760.5-1), settlement 750 (749). Final Kerb close: *751-53. Turnover: 15,675 tonnes.*

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	940-1	—16	950
3 months*	961.5-2	—15.75	974/961

* Grade "A"

Official closing (am): Cash 949.5-50 (958-8.5), three months 970-70.5 (979-9.5), *settlement* 950 (958.5). *Final* Kerb close: 962-63.

Cathodes			
Cash	939-41	—16	—
3 months*	950-3	—20	—

Official closing (am): Cash 948-50 (956-8), three months 961-3 (973-5), settlement 950 (958). Turnover: 21,625 tonnes. US Producer prices 66.50-72.

LEAD

Official closing (am): Cash 245.5-6 (245.5-6.5), three months 254-4.5-4.25), settlement 246 (245.5). Final Kerb close: 253.5. Turnover: 8,450 tonnes. US Spot: 18.50-20 cents per pound.

INDICES

FINANCIAL TIMES

Apr. 17	April 16	M'th ago	Year ago
—*	—*	—*	295.53

(Base: July 1 1952=100)

REUTERS

Apr. 17	April 16	M'th ago	Year ago
1798.4	1795.1	1829.8	1901.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	April 15	April 14	Month ago	Year ago
Spot	129.00	128.85	—	120.84
Fut.	126.09	126.52	—	123.46

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Apr. 17 1986	+ or —	Month ago
Aluminium			
Free Market	$1258/278	+5	$1525/545
Copper			
Cash h Grade	£940.5	—15	£982.25
3 mths	£961.75	—15.75	£1005.25
Gold Troy oz	$339.75	+0.75	$350.75
Lead Cash	£245.5	—0.75	£251.5
3 mths	£253.25	—1.25	£260
Nickel			
Free Mkt	180/200c		185/205c
Palladium oz	$108.00	—0.45	$114.00
Platinum oz	$420.30	—3.45	$420.25
Quicksilver†	$220/230		$220/235
Silver troy oz	357.25p	—1.75	382.15p
3 months	365.40p	—2.10	392.30p
Tin			
free mkt	£3829/60		£3850/750
Tungsten	$62.07	—2.31	$65.61
Wolfram 22.01lb	$47/55		$52/60
Zinc	£437	—5	£422
3 months	£447.5	—5	£434
producers	$650/700		$650/670
OILS			
Coconut (Phil)	$275y	—5	$505
Palm Malayan	$260z		$252.5
Copra Phil	$180		$200
Soyabean (U.S.)	$152x		$222.16
GRAINS			
Barley Fut.Sept.	£98.85	—0.05	£116.00
Maize	£143.75		£141.50
Wheat Fut July	£119.55	+0.15	£117.95
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1427	+48.5	£1510.5
Coffee Ft. July	£2277.5	+5	£2487.5
Cotton A Ind.*	48.20c	—0.05	52.25c
Gas Oil June	$125.75	+3.25	$146
Rubber (kilo)	57.25p	—0.25	56.0p
Sugar (raw)	$196y	+10	$174
Wooltops 64s	422p kilo	+2	415p kilo

COCOA

Commission house short-covering and chartist and industry buying pushed futures through limit-up levels. Sterling at 2½-year highs against the dollar failed to stem the rally and prices closed on a firm note after an extremely active trading session. Light new crop origin selling of actuals was apparent, reports Gill and Duffus.

US MARKETS

CONCERN OVER the Libyan situation failed to attract support for the precious metals, which closed weaker, reports Heinold Commodities. Copper traded lower within a narrow range, showing little activity. Opec talks on the main issue of output control have so far been directionless which led to a limit-down move in crude oil. Coffee showed a lack of activity in the physical market and trading was slow. Cocoa moved marginally up, supported by a weaker dollar despite some light origin selling filtering into the market. Sugar reversed direction on a burst of buying by trade houses at midday, which coincided with rumours of new sales to the Soviet Union. Soyabeans fell *to session* lows at midday spurring long liquidation in old crop, and heavy sell stop activation was noted. Renewed talks of a potential rise in 1986 soyabean acreage was also a bearish influence on the market.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	53.45	—	—	53.75
May	53.80	54.90	53.55	54.05
June	53.80	—	—	54.10
July	53.95	54.45	53.90	54.40
Sept	54.35	54.45	54.45	54.80
Dec	54.85	—	—	55.30
Jan	55.00	—	—	55.50
May	55.60	—	—	56.10
July	55.90	—	—	56.40

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1769	1792	1765	1759
July	1850	1863	1840	1823
Sept	1898	1910	1890	1875
Dec	1943	1963	1943	1923
March	1990	2000	1990	1970
May	2020	—	—	2007
July	2045	—	—	2029

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
May	228.24	227.25	223.00	228.11
July	231.13	232.25	228.75	230.73
Sept	236.57	236.50	233.75	234.43
Dec	240.50	240.65	238.80	239.56
March	244.25	244.00	202.50	243.00
May	246.75	206.00	245.00	245.00
July	247.50	247.50	207.00	246.25
Sept	248.75	—	—	249.50

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
April	63.90	—	—	64.25
May	64.10	64.75	64.10	64.45
June	64.45	64.90	64.90	64.80
July	64.75	65.40	64.70	65.10
Sept	65.20	65.80	65.20	65.55
Dec	65.75	66.35	65.75	66.10
Jan	65.95	—	—	66.30
May	66.65	67.00	67.00	67.00
July	66.95	67.40	67.40	67.30

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
May	93.75	94.30	93.50	94.10
July	93.25	93.45	92.75	93.00
Sept	91.45	91.55	91.35	91.55
Nov	91.35	91.80	91.80	91.10
Jan	92.10	92.40	92.00	91.80
March	92.60	92.30	92.30	92.30
May	93.10	—	—	92.80
July	93.60	—	—	93.30
Sept	93.80	—	—	92.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	418.5	420.0	419.0	424.4
June	419.7	—	—	425.6
July	420.5	428.0	417.5	426.4
Oct	423.7	431.0	421.0	429.6
Jan	426.7	432.5	425.0	432.6
April	429.7	436.0	495.0	435.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	543.5	540.0	532.0	540.3
May	545.0	546.0	532.0	542.0
June	547.9	548.0	539.5	545.1
July	550.9	552.0	538.0	548.3
Sept	557.1	559.0	546.0	554.7
Dec	566.2	567.0	553.0	564.1
Jan	569.3	—	—	567.3
May	581.5	578.0	573.5	579.8
July	587.7	586.0	586.0	586.2

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
May	7.98	8.20	7.62	7.83
July	8.20	8.37	7.86	7.98
Sept	8.19	8.17	7.86	8.02
Oct	8.21	8.40	7.93	8.06
Jan	8.26	8.00	8.00	8.11
March	8.62	8.77	8.31	8.50
May	8.82	8.90	8.46	8.76
July	9.01	9.02	8.68	8.95
Sept	9.11	—	—	9.06

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	55.47	56.50	54.75	56.15
June	54.07	55.72	54.07	55.57
Aug	51.90	53.52	51.90	53.40
Oct	51.67	53.10	51.60	52.87
Dec	53.65	54.75	53.40	54.35
Feb	54.20	54.85	53.80	54.65
April	55.00	55.35	55.00	56.00

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
April	40.65	41.10	40.30	41.07
June	40.85	41.80	40.40	41.80
July	41.17	42.25	40.97	42.25
Aug	39.62	40.45	39.27	40.55
Oct	36.72	37.55	36.50	37.82
Dec	38.80	39.60	38.50	40.00
Feb	40.10	41.15	40.00	41.35
April	37.95	38.60	37.90	38.70
June	41.00	—	—	41.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
May	225.4	227.2	225.2	226.2
July	216.2	219.0	216.0	218.4
Sept	199.6	202.6	199.4	202.4
Dec	194.6	197.2	194.4	197.2
March	203.0	206.0	203.0	205.6
May	207.2	210.2	207.2	210.2
July	207.6	210.0	207.6	210.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
May	50.20	51.40	49.65	50.92
July	51.70	52.90	51.05	52.62
Aug	50.10	51.80	50.02	51.45
Feb	56.96	57.85	56.40	57.47
March	56.60	57.50	56.30	57.15
May	58.60	58.60	58.00	59.25

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak despite good GNP

The dollar failed to benefit from better than expected first quarter GNP figures and finished towards the day's lows on expectations of a cut in the US discount rate. The US unit lost ground during the morning as analysts downgraded previous estimates of first quarter GNP from around 6 per cent to nearer 1.5 per cent. However a 3.2 per cent rise only gave the dollar a brief respite.

Underlying dollar sentiment remained bearish so that the market adopted a neutral attitude on good news but pushed the dollar weaker on bad news. Euro-dollar rates remained flat from one month out to one year although there was still an overriding feeling that the authorities may cut the discount rate. The dollar fell to a low of DM 2.2200 before closing at DM 2.2245 down from DM 2.2510 and Y175.40 from Y176.60. Its weaker trend against the yen came despite intervention by the Bank of Japan in an effort to arrest the yen's rise. Elsewhere the dollar slipped to SFr 1.8555 from SFr 1.8865 and FFr 7.0925 compared with FFr 7.1625. On Bank of England figures, the dollar's exchange rate index fell from 117.3 to 116.4.

STERLING — Trading range against the dollar in 1986 is 1.5245 to 1.3770. March average 1.4401. Exchange rate index 76.8 after a low of 76.5 and compared with 76.4 at Wednesday. The six months ago figure was 80.1.

Sterling rose to its best level since August 1983 against the dollar closing at $1.5245 from $1.5065 on Wednesday. It was also higher against the D-mark at DM 3.3925 from DM 3.39 and Y267.75 compared with Y266. Elsewhere it slipped to SFr 2.8275 from SFr 2.84 but improved against the French franc to FFr 10.8125 from FFr 10.7825.
s.27agbrniagtlcdollaraglanst

D-MARK — Trading range against the dollar in 1986 is 2.4719 to 2.1990. March average 2.2677. Exchange rate index 135.6 against 127.9 six months ago.

The D-mark finished firmer against the dollar in Frankfurt yesterday. The dollar had eased in early trading on expectations of poor US GNP figures. However a first-quarter rise of 3.2 per cent was well above expectations and gave the dollar a brief fillip. However there was no follow through demand and the dollar failed to break through DM 2.2400 convincingly. It closed at DM 2.2270 down from DM 2.2580 on Wednesday and an earlier fixing level of DM 2.2365.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 175.00. March average 178.85. Exchange rate index 195.2 against 179.1 six months ago.

The yen continued to improve against the dollar despite intervention by the Bank of Japan to curb its rise. Dollar losses in New York were increased by the end of trading in Tokyo, following speculation that US growth figures would not be as good as expected. This gave rise to stronger feelings about the possibility of an early cut in the US discount rate. Against this background the dollar fell to a low of Y176.35 before closing at Y175.40, down from Y176.05 in New York and Y177.65 in Tokyo on Wednesday. Elsewhere the D-mark rose to Y78.11 from Y77.54.

POUND SPOT—FORWARD AGAINST POUND

April 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5025-1.5255	1.5240-1.5250	0.49-0.46c pm	3.76	1.23-1.18pm	3.16
Canada	2.0904-2.1186	2.1155-2.1185	0.08cpm-0.03dis	-0.14	0.28-0.10pm	0.36
Nethlnd.	3.78¼-3.83	3.82-3.83	1¼-1⅛c pm	4.90	4⅝-4¼pm	4.44
Belgium	68.41-69.31	69.10-69.20	14-7c pm	1.82	34-23pm	1.65
Denmark	12.43½-12.53	12.52-12.53	3¼-2¾ore pm	2.63	7⅞-6⅞pm	2.30
Ireland	1.1065-1.1140	1.1105-1.1115	0.06-0.20p dis	-1.56	0.10-0.40dis	-0.90
W. Ger.	3.36½-3.39¾	3.38¾-3.39¾	1⅝-1⅜pf pm	5.97	4⅞-4⅝pm	5.23
Portugal	213½-231½	220½-231½	155-390c dis	-14.47	420-1120dis	-13.53
Spain	213⅝-215¼	214⅝-215¼	15-65c dis	-2.22	100-220dis	-2.98
Italy	2303½-2328¾	2323½-2324½	par-8 lire dis	-1.55	6-17dis	-2.24
Norway	10.69½-10.76	10.75-10.76	¼-¾ore dis	-0.35	1-1⅝dis	-0.40
France	10.68½-10.81¼	10.80¾-10.81¼	2⅝-2⅛c pm	2.44	6⅞-5⅞pm	2.22
Sweden	10.82¼-10.89¼	10.88-10.89	¼ore pm-⅛ dis	-0.28	⅛-1⅛dis	-0.46
Japan	263¾-268¼	267¾-268¾	1.40-1.10y pm	5.90	3.48-3.20pm	4.83
Austria	23.62-23.87	23.75-23.80	13¼-11⅝gro pm	6.25	31-27½pm	4.29
Switz.	2.80¾-2.84½	2.82¾-2.83¾	1½-1⅜c pm	6.10	4-3⅞pm	5.57

Belgian rate is for convertible francs. Financial franc 69.55-69.65. Six-month forward dollar 2.13-2.08c pm. 12-month 3.55-3.50c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5025-1.5255	1.5240-1.5250	0.48-0.46c pm	3.74	1.23-1.18pm	3.16
Ireland†	1.3495-1.3685	1.3675-1.3685	0.60-0.50c pm	4.92	1.50-1.20pm	3.95
Canada	1.3885-1.3910	1.3900-1.3910	0.40-0.44c dis	-3.63	0.96-1.02dis	-2.84
Nethlnd.	2.5020-2.5400	2.5095-2.5105	0.28-0.27c pm	1.33	0.84-0.82pm	1.32
Belgium	45.30-45.85	45.30-45.40	5-8c dis	-1.98	15-20dis	-1.54
Denmark	8.20¾-8.30¾	8.21¾-8.21¾	½-1ore dis	-1.09	1⅞-2¼dis	-0.91
W. Ger.	2.2200-2.2565	2.2240-2.2250	0.41-0.38pf pm	2.07	1.18-1.14pm	2.08

CURRENCY MOVEMENTS

April 17	Bank of England Index	Morgan* Guaranty Change %
Sterling	76.8	-15.1
U.S. dollar	116.4	+7.9
Canadian dollar	78.5	-12.3
Austrian schilling	128.5	+7.4
Belgian franc	95.7	-7.0
Danish Krone	86.1	-1.2
Deutsche mark	135.6	+14.4
Swiss franc	158.3	+14.9
Guilder	124.9	+8.9
French franc	69.4	-13.4
Lire	46.4	-17.9
Yen	195.9	+47.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).
*Morgan Guaranty rates are for April 15

CURRENCY RATES

April 17	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.767217	0.657621
US $	7	1.14860	0.863764
Canadian $	9.55	N/A	1.33857
Austria Sch	4	18.2306	15.1022
Belgian Fr	8¾	52.9476	43.8266
Danish Kr	7	9.58851	7.92985
D'mark	5½	2.60296	2.15112
Guilder	4½	2.93525	2.42406
French Fr	9½	8.29002	6.85048
Lira	14	1784.35	1474.56
Yen	4	204.623	169.189
Norway Kr	6	8.42398	6.81622

*SDR rates are for April 16.

FINANCIAL FUTURES

Active trading

Trading was very active on the London International Financial Futures Exchange yesterday and in spite of a surprisingly large rise in first quarter US gross national product growth, prices of interest rate contracts finished generally firmer on the day. Dealers suggested that this reflected continuing expectations of a cut in the Federal Reserve's discount rate today from the present level of 7 per cent. Tuesday's injection of liquidity into the New York banking system, when Federal funds were trading at 7 per cent, was taken as a strong signal of the Federal Reserve's intention to reduce its discount rate, and yesterday's GNP figure did not change this view. On the other hand the June US Treasury bond was so strong at 106-10 that dealers were already taking profits before the GNP announcement.

On Wednesday it was rumoured that first quarter growth would be as low as 0.7 per cent, against forecasts of around 2 per cent, and this led to good buying in New York and the Far East. London opened very strong, but was drifting down, before news that GNP had grown by 3.2 per cent led to a bout of heavy selling. June Treasury bonds fell to a low of 101-07, but recovered to close at 104-25, compared with 104-19 previously, as dealers commented that the GNP figure would probably be revised down at a future date. Sterling denominated contracts remained firm on expectations of lower bank base rates.

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July
1.20	—	32.53	—	—	—	0.00	—
1.25	—	27.53	—	27.53	—	0.01	—
1.30	22.53	22.53	—	22.53	0.00	0.05	—
1.35	17.53	17.53	17.53	17.53	0.02	0.16	0.38
1.40	12.53	12.53	12.63	12.78	0.14	0.54	1.00
1.45	7.74	8.17	8.58	9.30	0.64	1.47	2.18
1.50	4.13	4.93	5.82	6.50	2.03	3.23	4.12

Estimated volume total, Calls 1,073, Puts 80
Previous day's open int. Calls 4,812, Puts 5,227

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July
1.20	—	31.60	—	31.60	—	—	—
1.25	—	26.60	—	26.40	—	—	—
1.30	21.60	21.60	—	21.60	—	0.05	—
1.35	16.60	16.60	16.60	16.60	—	0.15	0.30
1.40	11.60	11.60	11.70	12.20	0.10	0.40	0.85
1.45	6.15	6.90	7.90	8.40	0.55	1.25	2.05
1.50	3.00	3.85	4.40	5.65	2.05	3.10	3.80

Previous day's open int. Calls 47,689, Puts 41,715
Previous day's volume. Calls 2,675, Puts 1,332

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $1,000,000 32nds of 100%

	Latest	High	Low	Prev
June	104-17	105-15	104-04	104-27
Sept	103-20	114-20	103-11	104-01
Dec	102-22	103-25	102-16	103-07
March	102-03	102-30	102-03	102-14
June	101-10	101-28	101-10	101-24
Sept	—	—	—	101-04
Dec	—	—	—	100-19
March	—	99-24	99-24	100-04
June	—	—	—	99-23
Sept	—	—	—	—
Dec	—	—	—	99-03

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	94.57	94.70	94.54	94.69
Sept	94.71	94.85	94.69	94.84
Dec	94.63	94.75	94.60	94.73
March	94.45	94.56	94.43	94.56
June	94.25	94.26	94.20	94.38
Sept	94.06	94.08	94.03	94.20
Dec	93.89	93.93	93.86	94.04
March	93.77	93.77	93.76	93.90

CERT. DEPOSIT (IMM)
$1m points of 100%

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	169.95	170.45	167.70	167.35
Sept	172.20	—	—	169.60
Dec	174.70	—	—	172.10

Estimated volume 532 (719)
Previous day's open int. 1,800 (1,882)

CURRENCY FUTURES

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.5095	1.5125	1.4940	1.4880
Sept	1.5020	1.5030	1.4850	1.4895
Dec	1.4950	1.4950	1.4780	1.4800

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5170	1.5188	1.4959	1.4950
Sept	1.5075	—	—	1.4855
Dec	1.4895	—	—	1.4775

Estimated volume 224 (224)
Previous day's open int. 2,317 (2,285)

MONEY MARKETS

Strong hopes of 1% base rate cut

Interest rates continued to decline on the London money market yesterday. In spite of the much larger than expected growth in US first quarter gross national product, dealers remained optimistic of a cut in the Federal Reserve's discount rate this week, and continued to look for a reduction of 1 per cent to 10 per cent in UK bank base rates next week. [illegible]

Personal

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	11.50	39.00
Residential Property	9.00	30.00
Appointments	12.00	41.00
Business, Investment Opportunities	11.50	39.00
Business for Sale/Wanted	11.50	39.00
Personal	9.00	30.00
Motor Cars	9.00	30.00
Holidays & Travel	9.00	30.00
Contracts & Tenders	11.50	39.00
Book Publishers	—	net 22.00

Premium positions available
£8.00 per single column cm extra
All prices exclude VAT

For further details write to:
Classified Advertisement Manager
Financial Times
10 Cannon Street, EC4P 4BY

Legal Notices

IN THE MATTER OF HIGHERPLANT MEDIA SOUND AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 12th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned DAVID SWADEN FCA of 46 Rodney Street, Liverpool L1 9AA the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 10th day of April, 1986.
D. SWADEN, Liquidator

ANSBY HUS (UK) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a meeting of the creditors of the abovenamed company will be held at the offices of ARTHUR YOUNG, Froomsgate House, Rupert Street, Bristol BS1 2QH on the 28th day of April 1986 at 11.30 o'clock in the forenoon for the purposes mentioned in Sections 589 and 590 of the said Act.
Dated 1st April 1986.
By Order of the Board
ERIK ENGSTROM, Director

VICHECK LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the creditors of the above-named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
30 Eastbourne Terrace,
London W2 6LF
on Wednesday the 30th day of April 1986 at 12.00 o'clock midday, for the purposes provided for in Sections 589 and 590.
Dated the 11th day of April 1986.
M. PARISH, Secretary

THE ELEMENT ENGINEERING COMPANY LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a meeting of the Creditors of the Element Engineering Company Limited will be held at the offices of
LEONARD CURTIS & PARTNERS,
3rd Floor, Peter House,
Oxford Street,
Manchester M1 5AB
on Monday the 28th day of April 1986 at 12.00 o'clock midday for the purposes provided for in Section 589 and 590.
Dated the 14th day of April 1986.
K. W. PILKINGTON, Director

Art Galleries

Clubs

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 16, 1986. The rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of April 16 at 11.00 a.m.
3 months: 6¼ 6 months: 6 11/16

ECU=$US.949206 SDR1=$US1.14373
Sibor as of April 16 at 11.00 a.m.
3 months: 6 11/16 6 months: 6¼

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	6.7513
Algeria	Dinar	4.80
Andorra	Fr. Franc	7.22
	Sp. Peseta	143.90
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (7)	0.831
Aruba	Florin	1.80
Australia	Dollar	1.5978

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	7.22
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	2.90
Guinea Bissau	Peso	170.479
Guinea Rep	Franc	340.00
Guinea Rep	Franc (j)	300.00
Guyana	Dollar	4.158
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	773.00
Peru	Inti. (9)	13.95
Philippines	Peso	20.50
Pitcairn Is.	N.Z. Dollar	1.8057
Poland	Zloty (o) (5)	166.51
Portugal	Escudo	150.10
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	7.22
Romania	Leu	4.56
	Leu (c)	12.74
Rwanda	Franc	89.8027

هكذا من الأصل

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
	163	Beatrix Mnes	168	−5	15c	1.2	2.9
	719	F.S. Cons. Gold 50c	737	−18			
	120	Free State Dev. 10c	185		Q15c	1.1	2.6
	614	Harmony 50c	725	+3	Q265c	♦	11.8
	253	Loraine R1	253	−7	Q75c	3.1	9.6
	755	St. Helena R1	775	−5	Q450c	1.9	18.8
	354	Unisel	448	−15	†Q150c	1.1	10.9
	372	Welkom Gold Hldgs 50c	463	−25	Q234c	1.0	16.4

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
	£32	Anglo-Am Inv 50c	£54xd	−1	Q810c	♦	4.9
	312	De Beers Df. 5c	507	−4	Q55c	♦	3.5
	315	Do. 40pc Pf. R5	400		Q200c	‡	16.2
	550	Impala Plat. 20c	644	−24	Q135c	1.9	6.8
	410	Lydenburg 12½c	631	−21	Q72c	1.0	3.8
	500	Rus. Plat. 10c	704	−32	†Q90c	1.4	4.1

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
205	155	Falcon Z50c	175		†Q100c	2.5	23.8
16	10	Wankie Col. Z$1	16xd	+3	†Q5c	3.6	13.0
16	12	Zam.Cpr.SBD0.24	14		—	—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
91	75	Abex Corp SA $1.50	75		Q7.5c	4.4	6.8
1133	825	Ang. Am. Coal 50c	850		†Q195c	3.1	7.4
£20¼	795	Anglo Amer 10c	910	−50	Q135c	2.0	4.8
£57½	£38½	Ang. Am. Gold R1	£49	−½	Q1450c	1.1	9.6
£40	£24	Anglovaal 50c	£32	−1	†Q360c	2.9	5.2
22	11	Clogau Gold 10p	16½		—	—	—
123	82	Com. Mex Corp	82		N05½c	—	2.2
537	435	Cons. Gold Fields	470	+7	24.5	1.4	7.3
66	34	East Rand Con. 5p	48		1.0	♦	3.0
820	610	Gencor R1	700		†Q170c	2.1	7.9
1110	590	Gencor 40c	850	−25	Q195c	♦	7.7
33	18	Gold & Base 12½p	38	−3	—	—	—
975	709	Gold Fields S.A. 5c	775	−62	†Q120c	2.0	5.0
			578	−1	Q875c	2.2	3.4

Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.

□ No par value.

B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and P/E based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −
Albany Inv 20p	118	
Craig & Rose £1	£23	
Finlay Pkg. 5p	49	
Holt (Jos) 25p	780	
IoM Stm £1	85	

IRISH

Stock	Price	+ or −
Fund 11¾% 1988	£103⅞	+¼
Nat. 9¾% 84/89	£102	+¼
Fin. 13% 97/02	£125⅞	+½
Arnotts	300	
CPI Hldgs	62	
Carroll Inds.	205	−7
Dublin Gas	53	
Hall (R. & H.)	65xd	−1
Heiton Hldgs.	38	
Irish Ropes	80	+5
Unidare	195	

"Recent Issues" and "Rights" Page 38 (International Edition Page 42)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Interest rate optimism sends bonds and shares racing higher

Mounting pressures for cheaper money sent share and bond markets racing higher in London yesterday. The last traces of Tuesday's tension, caused by the US attack on Libya, disappeared as commercial rates for credit fell to single figures for the first time since January 1985. The key three-month interbank rate slipped to 9 15/16 per cent and sterling continued it rise against a generally *weak dollar to end at a 32-month* high of $1.5245.

Wal Street's euphoria overnight on expectations of a cut today in the Federal Reserve Discount rate was an early tonic for London. It provided the basis for a strong opening trend which soon exhausted the authorities' supply of the two remaining £100m taplets. **Conversion** 9½ per cent 2001 went at a price of 109½ and **Treasury** 7¾ per *cent* 2012-15 at 93½.

Longer-dated Gilts rose 1½ points before settling down to await the 2.30 pm announcement of the US first-quarter GNP figure. This was much higher than anticipated at 3.2 per cent, compared with forecasts ranging from 2.7 to 0.8 per cent. US bonds dropped back immediately on the news and Gilt-edged stocks followed until the rises were pared to a point or so.

Equities *matched the enthusi*asm of the bond market and the two main FT indices opened with sharp rises. Considerable profit-taking developed but the sales were absorbed by a combination of revived institutional and speculative interest and the market gradually built up a head of steam. The Bank of England's continued reluctance to signal approval of lower bank base rates failed to discourage hopes of a reduction, perhaps of one percentage point, in the next few days.

The bouts of speculative activity involved both leading and secondary stocks and contributed to another heavy turnover. Some dealers suggested that business was heavier than Wednesday's volume, which totalled a record £1.22bn. After reaching a day's high of 1405.0, the FT Ordinary *share index closed a net 21.8 up* at 1401.2.

Bank of Scotland down

Bank of Scotland came on offer and fell 15 to 418p on suggestions that Distillers is about to place its stake in the company. Standard Chartered, meanwhile, currently in receipt of an unwelcome bid of 750p per share from Lloyds, advanced 14 afresh to 868p amid vague rumours of a possible counter from Royal Bank of Scotland, 6 lower at 348p. Elsewhere, Hambros were again popular on takeover hopes and closed a further 12 better at a new peak of 295p. General Accident moved against the trend in Insurances, falling 15 to 912p, after 909p, on rumours of a broker's profits downgrading.

Distillers eased a couple of pence to 677p awaiting today's climax of the often acrimonious bid situation. **Argyll** met late demand and closed 10 to the good at 358p, while **Guinness** were unchanged at 335p.

Early attention in the Building sector was focused upon scaffolding group **SGB** which leapt 39 to 363p following confirmation of a well-signposted agreed offer from construction concern **John Mowlem,** 14 lower at 392p. **George Wimpey,** after Wednesday's late flurry of buying interest, firmed 2 more to 170p, while **Taylor Woodrow** continued to reflect the good results with a fresh gain of 10 at 630p. Comment on the better-than-expected preliminary figures stimulated further demand for **RMC** which rose 30 for a two-day gain of 44 to 668p, while **Blue Circle** firmed 9 to 677p and **Rugby Portland Cament** gained 5 to 175p. Renewed demand ahead of the annual results due on April 29 lifted **Tarmac** 22 to 492p. Elsewhere. **Attwoods** revived strongly and closed 11 higher at 166p, while USM-quoted **Jayplant** put on 8 to 40p. Among Timbers, current takeover favourite **Magnet and Southerns** touched 194p initially before easing back to close 4 cheaper on balance at 186p.

ICI traded firmly helped by Wall Street influences and closed 35 higher at 959p, after 964p; the first-quarter figures are due next Thursday. Among other Chemicals, **Laporte** shed 17 to 378p *following the mildly dis*appointing annual results, but **Anchor** rose 10 to 215p in response to satisfactory preliminary figures. **Wardle Storeys** continued to attract buyers at 313p, up 8, while **Yorkshire Chemicals** revived with a gain of 7 at 112p.

Gussies good again

Leading Retailers made modest progress across a broad front. *Gussies A advanced* 3 to £10½ as enfranchisement hopes resurfaced. Harris Queensway, 282p, and Burton, 318p, improved 10 and 6 respectively. Ward White, buoyed by the prospect of further expansion moves, closed 16 higher at 306p, while Home Charm, in receipt of a bid from Ladbroke, added 11 to 36p. Etam, on the other hand, dipped 4 to 254p as 1.6m shares were placed at around 249p apiece. Bentalls, up to 171p initially, settled a couple of pence cheaper on balance at 167p following the full-year figures, while Laura Ashley, 4 up at 206p, met support ahead of next Wednesday's annual figures. Revived takeover hopes lifted **Allebone** 6 more to 54p, while news of a proposed £8.9m rights issue failed to unsettle **Ratners** which held the overnight level of 139p. **Warehouse** met persistent inquiry in an extremely narrow market and were quoted at a basis price of 850p.

A good performance by the Electrical leaders featured **Plessey** which advanced strongly to touch a new peak of 234p before closing 8 higher at 228p following persistent demand in a market none-too-well-supplied with stock; the rise was also accompanied by talk of an investment seminar at stockbrokers Phillips and Drew. **GEC** and **BICC** both closed a similar amount better *at 198p and 368p respectively,* while Racal moved up 4 more to 208p as did British Telecom to 234p. Cable and Wireless revived with an improvement of 23 at 708p, after 710p. STC, however, softened a couple of pence to 158p in the absence of any bid developments. Elsewhere, Amstrad continued to reflect recent comment about its new £400 business microcomputer with a rise of 14 at 545p. Apricot Computer, a dull market of late on increased Amstrad competition fears, rallied 7 at 92p. Speculative buying left Burgess Products 10 higher at 206p and Volex the same amount better at 300p.

Stimulated by the many bids for companies in the sector, secondary Engineers rose strongly on persistent speculative demand. **Delta** advanced 14 to 259p accompanied by vague talk of a bid from BICC, while **Birmid Qualcast** rose 9 to 135p and **Renold** 7 further to 88p. **Glynwed** put on 9 more to 395p. Comment on their respective annual results left **APV** 12 higher at 343p and **Matthew Hall** 17 to the good at 163p. **Martonair** closed 35 higher at 640p as **IMI** declared its offer unconditional. Among the leaders, **Hawker** were further stimulated by the preliminary figures and rose 32 to 609p, after 620p.

Cadbury Schweppes touched a *1986 peak of 192p prior to clos*ing a net 8 up at 186p amid speculation about a possible link-up with United Biscuits; there was a City lunch with brokers Fielding Newson-Smith yesterday. **Associated British Foods** attracted renewed demand and put on 8 to 338p, while **Hazlewood** advanced 52 to 550p in a restricted market. **Brewmaker** firmed 4 to 25p in response to the satisfactory annual *results,* but **Bluebird Confectionery** shed 5 to 85p following the poor interim figures.

BTR improve

Final gains in the miscellaneous industrial leaders were usually limited to a few pence, but **BTR** were supported and put on 15 to 475p. **Reed International** closed 14 higher at 905p following acquisition news. Secondary issues recorded numerous good gains, with many old takeover favourites well to the fore. **Christie's International,** 325p and **Office and Electronic,** 241p advanced 18 and 26 respectively, while **Powell Duffryn** also stood out at 310p, up 25. Gains of around 10 were marked against **Dupont,** 115p, **Hepworth Ceramic,** 214, and **Wedgwood,** 330p. **Marley** put on 6 to 130p and **Bridon** 13 to 193p. US buying left **Reuters B** 20 to the good at 433p, but **Hestair** were a weak spot following the results and proposed £10m rights issue and closed 13 lower at 146p, after 138p. **Williams Holdings,** in contrast, still reflecting further expansion hopes, advanced 24 more to 740p. **Staffordshire Potteries** rose 10 to 137p on the increased and final offer, subsequently rejected, from **Coloroll;** the latter closed 7 lower at 212p. Revived speculative demand lifted **Plastic Constructions** 15 to 94p and **Silentnight** 8 to 52p. **Expamet** moved up 21 to 196p, while **Thomas Marshall (Loxley) A,** reflecting the good annual results and proposed enfranchisement, gained 18 to 106p. **Kalamazoo,** on the other hand, fell 4 to 23p after the poor interim figures. Dealing in **Protimeter** resumed at 61p compared with the suspension price of 47 following the agreed bid of 63p per share from Bowthorpe.

Speculative buying on asset injection hopes gave a further boost to **SelecTV** which firmed 2 afresh to 16p.

Motor Distributors displayed an irregular appearance. **H. & J. Quick** advanced 8 to 73p in response to the bumper full-year *profits, while speculative demand* was again evident for **Hartwells,** 9 dearer at 105p — a gain of 20 so far this week; the annual results are expected in mid-May.

Paper/Printings made fresh progress under the lead of **BPCC** which advanced 11 more to 275p on support ahead of next Wednesday's preliminary results. **DRG** responded to revived bid speculation and improved 10 to *282p. Advertising and related* issues highlighted **Good Relations** which advanced 15 to 160p as bid hopes revived despite the recent statement from the company attempting to defuse takeover chatter.

Leading Properties attracted support on interest rate optimism. **Land Securities** firmed 4 to 314p and **MEPC** rose 8 to 356p, after 360p. Elsewhere, **Samuel** encountered speculative buying amid vague bid rumours and touched 226p prior to closing 12 higher at 222p. **Hammerson A** settled 15 lower at 445p and **Brixton Estate** 2 cheaper at 160p following trading statements. Residential property developers **Mountleigh** rose 35 to 550p in a restricted market, while USM-quoted **Sheraton Securities,** still reflecting a broker's recommendation, put on 4 to 41p.

Another lively business developed in **Mercantile House** which attracted fresh demand on talk of a bid from the US and touched 362p; the absence of immediate developments, however, prompted renewed profit-taking and the close was only a net penny up at 353p. Elsewhere in Financials, **Frost** advanced 12 to 94p in belated response to the annual figures, while news that Rawdo Investment now controls 15.2 per cent of the equity lifted **Aitken Hume** 6 to 134p.

BP lower

Another OPEC meeting in Geneva—again with no apparent progress made on production quotas — caused renewed nervousness in the oil sector which gave ground for much of the day before staging a minor rally at the close. **BP** were additionally disturbed by talk that Distillers would dispose of its shareholding in the company following the outcome of the bid battle for Distillers involving Guinness and Argyll.

Harrisons & Crosfield were a weak spot in Overseas Traders and fell 12 to 383p following bearish comment on palm oil prices. **Lonrho** improved 6 more to 273p, after 276p, reflecting revived bid speculation and heavy turnover in traded options.

Rio Tinto-Zinc were the outstanding performer in mining markets and rose to 734p before closing a net 20 up at 722p following substantial traded options business, revived takeover speculation and, to a lesser degree, the strong advance by domestic equities. **Consolidated Gold Field** picked up 7 to 470p at one point but reverted to 463p unchanged, while "cheap" buying lifted **Hampton Areas** 7 to 100p.

South African sectors of mining, on the other hand, were depressed by persistent small selling, prompted by the continuing disappointing showing by the bullion price, and the strength of sterling against the dollar. The Gold Mines index dropped 8.3 to 274.6 — its lowest level since early January and a three-day decline of 15.4.

In Australians, **Elders IXL** improved 7 to 217p following good demand in Sydney and Melbourne overnight which carried through into London. **BHP,** however, dipped the same amount to 340p. **Bell Resources** made further progress and closed 20 higher at 240p, still buoyed by rumours that it had sold it's stake in BHP at a substantial premium to current market levels. Australian mines drifted easier, reflecting the renewed advance by sterling and another subdued performance by overnight domestic markets.

FINANCIAL TIMES STOCK INDICES

	April 17	April 16	April 15	April 14	April 11	April 10	year ago
Government Secs.	94.32	93.50	93.02	93.45	93.56	93.20	82.00
Fixed Interest	97.36	96.77	96.47	97.12	97.10	96.87	86.03
Ordinary ♥	1401.2	1379.4	1370.8	1399.3	1411.9	1401.6	991.5
Gold Mines	274.6	282.9	287.4	290.0	282.1	281.8	507.2
Ord. Div. Yield	3.84	3.89	3.89	3.83	3.81	3.83	4.59
Earnings, Yld. ½ full	9.41	9.51	9.54	9.41	9.36	9.35	11.57
P E Ratio (net) (*)	13.16	12.97	12.95	13.14	13.21	13.25	10.55
Total bargains (Est.)	—	33,684	34,150	35,613	39,007	38,547	24,972
Equity turnover £m.	—	1228.01	790.61	1015.21	926.66	829.84	424.73
Equity bargains	—	34,423	36,775	21,374	37,954	34,085	22,563
Shares traded (m)	—	453.2	329.4	382.5	400.8	340.2	226.1

♥ 10 am 1398.2. 11 am 1396.1. Noon 1397.7. 1 pm 1399.1. 2 pm 1401.1. 3 pm 1404.5. 4 pm 1401.6. Day's High 1405.0. Day's Low 1394.4. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.75.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.32 (17/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.36 (17/4)	86.55 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	257.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Apr. 16	Apr. 15
Daily		
Gilt Edged Bargains	177.5	191.4
Equities Bargains	223.0	238.3
Value	2482.1	1,598.0
5 day Average		
Gilt Edged Bargains	160.3	162.9
Equities Bargains	213.3	210.8
Value	1936.5	1,720.4

Wang offers funds for professorship

WANG (UK) has offered funding to support a proposed chair in information management at Glasgow College of Technology, said Mr Tony Vine-Lott, the company's national marketing support and education manager, at the opening of the Scottish Computer Show.

The professorship would not only be the first to be supported by Wang outside the US, but also the first professorship at the college. The announcement comes seven months after the college became a central institution, having formerly been under Strathclyde Regional Council.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18

For rate indications see end of Unit Trust Service

Quieter conditions prevailed in Options. Calls were taken out in John Brown, Edmond, STC, Securicor, Racal, Dewey Warren, George Wimpey, Rock, Fairline Boats, Amstrad, Yorkshire Chemicals, C. H. Bailey, Abaco Investments, Tricentrol, Associated British Engineering, Combined Technologies and "The Times" Veneer. No puts or doubles were reported.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thursday April 17 1986

Figures in parentheses show number of stocks per section

	Index No.	Day's Change %
1 CAPITAL GOODS (213)	739.29	+2.0
2 Building Materials (25)	825.76	+2.0
3 Contracting, Construction (28)	1188.13	+1.3
4 Electricals (12)	2084.10	+0.9
5 Electronics (38)	1707.28	+2.6
6 Mechanical Engineering (64)	420.71	+2.0
8 Metals and Metal Forming (7)	351.18	+2.5
9 Motors (17)	295.62	+0.7
10 Other Industrial Materials (22)	1326.92	+2.0
21 CONSUMER GROUP (186)	953.64	+1.2
22 Brewers and Distillers (23)	938.82	+0.4
25 Food Manufacturing (22)	867.01	+3.0
26 Food Retailing (14)	1954.28	+0.8
27 Health and Household Products (10)	1651.15	+1.2
29 Leisure (25)	944.35	+1.3
31 Publishing & Printing (14)	2394.50	+1.3
32 Packaging and Paper (14)	456.95	+0.7
34 Stores (44)	922.43	+2.0
35 Textiles (17)	542.43	+0.9
36 Tobaccos (3)	1195.01	+0.8
41 OTHER GROUPS (84)	827.28	+1.7
42 Chemicals (19)	926.37	+2.2
44 Office Equipment (4)	266.34	+2.4
45 Shipping and Transport (12)	1639.88	+0.6
46 Telephone Networks (2)	986.64	+1.9
47 Miscellaneous (47)	1001.90	+1.2
49 INDUSTRIAL GROUP (483)	876.25	+1.5
51 Oil & Gas (17)	1174.78	−1.2
59 500 SHARE INDEX (500)	903.77	+1.2
61 FINANCIAL GROUP (117)	619.89	+0.3
62 Banks (7)	679.34	+0.3
65 Insurance (Life) (9)	885.62	+0.3
66 Insurance (Composite) (7)	513.25	+0.1
67 Insurance (Brokers) (8)	1185.98	+0.1
68 Merchant Banks (11)	366.67	+0.6
69 Property (50)	754.44	+0.6
70 Other Financial (25)	355.06	+0.6
71 Investment Trusts (103)	755.11	+0.9
81 Mining Finance (3)	308.10	+2.5
91 Overseas Traders (14)	684.16	−0.1
99 ALL-SHARE INDEX (737)	820.78	+1.1
FT-SE 100 SHARE INDEX ♦	1680.9	+18.9

FIXED INTEREST

PRICE INDICES — British Government; Index-Linked; Debentures & Loans; Preference

AVERAGE GROSS REDEMPTION YIELDS

♦Opening index 1679.0; 10 am 1679.0; 11 am 1676.8; Noon 1677.8; 1 pm 1678.8; 2 pm 1681.4; 3 pm 1682.9; 3.30 pm 1682.4; 4 pm 1681.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change
General Accident	912	−15
Glaxo	1115	+5
Good Relations	160	+15
GUS A	1055	+5
Hestair	146	−13
ICI	959	+35
Kenning Motor	198	−2
Land Securities	314	+4
Laporte	378	−17
Office and Elect	241	+26
Renold	88	+7
RTZ	722	+20

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close price	Day's change
Simon Eng.	33	288	+32
Distillers	19	680	+11
ICI	19	924	+27
Dupont	18	104	+8
Hawker Siddley	18	577	+34
Taylor Woodrow	18	620	+35
Glaxo	17	1110	+5
Guinness	17	335	−7
Pilkington Bros	16	448	−5
Williams Hldgs	16	716	+28
Racal Elects	15	204	+9
Wedgwood	15	321	+26

EUROPEAN OPTIONS EXCHANGE

Series / Vol. / Last / Stock — Gold C, Gold P, Silver C, $/FL C, $/FL P, ABN C, AEGN C, AH C, AKZO C, AMEV C, AMRO C, GIST C, HEIN C, HOOG C, KLM C, NEDL C, NATN C, PHIL C, RD C, UNIL C

TOTAL VOLUME IN CONTRACTS: 7,798

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (321)

BRITISH FUNDS (105), INTNL BANK AND O'SEAS GOVT. STERLING ISSUES (70), CORPORATION LOANS (10), AMERICANS (15), CANADIANS (2), BANKS (4), BUILDINGS (32), CHEMICALS (9), STORES (9), ELECTRICALS (12), ENGINEERING (17), FOODS (8), HOTELS (1), INDUSTRIALS (49), INSURANCE (7), LEISURE (2), MOTORS (4), NEWSPAPERS (2), PAPER (7), PROPERTY (15), TEXTILES (1), TRUSTS (34), OILS (2), MINES (2).

NEW LOWS (27)

AMERICANS (2) GATX, US Steel. CANADIANS (3) Abbot Energy, Golden Sceptre, Goliath Gold Mines. BUILDINGS (2) Access Satellite, Pinlan Group. ENGINEERING (2) Bailey (C. H.), Wyndham. FOODS (2) Mayhew Foods, Normans. INDUSTRIALS (3) Aberlyfe Hldgs, Rolfe and Nolan, Wills. INSURANCE (1) London and Manchester Group. TEXTILES (1) SEET. OILS (8) Berkeley Expln, Bryson Oil and Gas, Clyde Petroleum, ERIC, Jackson Expln, Mobnis Oil, Tricentrol, Triton Europe. MINES (3) Buffels, OFS Invs, Malaysia Mining.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	107	0	5
Corpns. Dom. and Foreign Bonds			
Industrials	436	183	911
Financial and Props.	224	49	295
Oils	15	39	57
Plantations	0	0	12
Mines	45	30	71
Others	95	26	71
Totals	1,002	334	1,367

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.
B.P. (*555)	500	60	78	90	2
	550	13	40	53	7
	600	2	16	25	45
Cons. Gold (*464)	460	13	45	62	10
	500	3	35	47	40
	550	1	18	32	90

April 17 Total contracts 20,169 Calls 15,964 Puts 4,165 *Underlying security price.

WORLD STOCK MARKETS

Frankfurt remains at hub of activity

Continued from Page 46

the US, and gains of up to 60 basis points were achieved by the close.

Yields in the state bond market were nudging the 6 per cent level late in the session, and the average yield for this market closed at 6.15 per cent from the 6.22 per cent recorded on Wednesday.

Stockholm was in record-breaking form after the ½ percentage point cut to 8 per cent in the discount rate by the Riksbank. The reduction, the third this year, comes into force today leaving the rate at the lowest level for seven years.

Domestic institutions and strong foreign buying dominated the session. Aga resumed trading, after a two-day suspension, ahead of news that it was consolidating Tresor into the group and added SKr 4 to SKr 230.

Electrolux, however, remained the most active stock and put on a further SKr 1 to SKr 305 while Volvo, also active, firmed SKr 15 to SKr 405. Saab Scania stole the prize for the best gain of the session with its SKr 40 jump to SKr 800 while Alfa Laval put on an equally impressive, and proportionally better, SKr 29 to SKr 378. Skandia finished the day SKr 16 higher at SKr 526 while Atlas Copco firmed SKr 14 to SKr 250.

A number of casualties emerged, however. Falls of SKr 1 each were recorded for Cellulosa at SKr 239, Ericsson at SKr 294 and Swedish Match at SKr 371.

Conflicting elements tugged at Paris forcing moderate trading in the stock market but hectic bond activity.

Stocks were buoyed somewhat by the ½ percentage point cut to 10.1 per cent in the base rate by Banque Nationale de Paris. A heavy selling spree developed in the bond market in reaction to the Government's move on Wednesday to close a tax loophole that permits the accumulation of interest in bond futures to be treated as capital gains. This soon dampened sentiment in the stock market.

More bad news followed quickly. Total unemployment rose 0.9 per cent in March and the country's foreign trade balance swung into a FFr 2.6bn deficit last month compared with a FFr 85m surplus in February.

Cie Bancaire led banks lower with a FFr 15 fall to FFr 1,185 while car maker Peugeot lost FFr 21 at FFr 1,029.

Builder Bouygues continued to feature with a FFr 7 fall to FFr 1,093 while in unsettled oils Elf dipped FFr 5 to FFr 310 and Total lost an equally sharp FFr 6.70 to FFr 359.30.

Zurich also benefited from the overnight record on Wall Street. Oerlikon-Bührle, which revealed a sizable arms contract with Canada late on Wednesday, was briefly suspended after its shares exceeded a gain of 10 per cent. When trading resumed, Oerlikon bearer jumped to close SFr 235 higher at SFr 1,985, a new 12-month high, after touching SFr 2,025.

Banks, recently out of favour, returned to the buy lists of many investors. UBS managed a SFr 40 advance to SFr 5,380, just below its high for the year, while Swiss Bank Corp picked up SFr 5 to SFr 590 and Crédit Suisse finished the day SFr 50 stronger at SFr 3,850.

Brown Boveri, among industrials, hit a new high for the year with its SFr 60 rally to SFr 1,940 while Ciba-Geigy among chemicals firmed SFr 10 to SFr 3,950 after announcing plans earlier this week to buy a contact lens unit from Nestlé, which advanced SFr 25 to SFr 8,825.

Jacobs Suchard was one of the bright spots of the day with its SFr 350 jump to SFr 8,200 while Swissair recovered the losses of the previous session with a SFr 30 rise to SFr 1,980.

The bond market was slightly overshadowed by the stock market as prices turned steady in moderate turnover. Federal and cantonal government bonds were mostly unchanged.

A combination of foreign buying and institutional support rekindled Brussels and added 69.83 points to the Belgian Stock Exchange to 3,566.21.

Industrials were quick to benefit from the new support. Solvay added BFr 80 to BFr 8,470 on strong earnings figures and dividend increase although the country's largest chemical group is still below its 12-month high set last Friday.

Petrofina firmed BFr 110 to BFr 7,460 against the background of apparent impasse at the Opec meeting in Geneva while Cometra closed BFr 40 higher at BFr 2,890.

Utilities derived more benefit from the cut in the three-month Treasury bill rates by the central bank.

Retailer Delhaize resisted the upward trend and finished the session steady at BFr 11,500.

Madrid was led higher by a strong showing among construction stocks while Milan finished sharply higher with insurance and financial issues particularly active.

Indices

OVER-THE-COUNTER Nasdaq national market, 2pm prices

Continued from Page 45

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Tr 11½% '89	£107⅞	+15/16
Ex 12% '99/02	£124½	+1¼
Tr 2½% I L '16	£97¾	+½
Allebone	54	+ 6
Cadbury Schwep.	186	+ 8
Delta Group	259	+14
Frost Group	94	+12
GEC	198	+ 8
Good Relations	160	+15
GUS A	£10⅝	+¾
Hall (Matthew)	163	+17
Hambros	295	+12
ICI	959	+35
Office & Elect	106	+18
Plastic Constr	241	+26
Plessey	94	+15
Powell Duffryn	228	+ 8
Quick (H&J)	310	+28
RMC	73	+ 8
RTZ	668	+30
SGB	722	+20
Samuel Prop	363	+39
Tarmac	222	+12
Yorkshire Chem	492	+22
Ward White	112	+ 7
	306	+16

FALLS

Bank of Scot	418	−15
Hestair	146	−13
Laporte Inds.	378	−17
Mowlem (J)	392	−14

MONTREAL
Closing prices April 16

Prices at 3pm, April 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
24	10⅝	AAR s			20	212	21⅞	21	21½	-½
28½	11½	AFG s			18	1274	28¼	27¾	27¾	-½
25⅝	17⅞	AGS			15	101	21¼	20¾	21	+⅛
15	9⅞	AMCA				35	14	13⅝	13⅝	-½
60	37½	AMR			10	5240	u60½	58¾	58¾	-1⅛
25¾	18⅝	AMR pf	2.18	8.5		82	25⅝	25½	25⅝	+⅛
25⅞	23¼	ANR pf	2.67	10.		3	25¾	25¼	25¾	+¼
22	19	ANR pf	2.12	9.4		51	u22½	22¼	22½	+½
12½	7⅝	APL			7	5	12	12	12	
16¾	10⅝	ARX			14	186	15⅜	14⅞	15⅜	+⅝
55	32¾	ASA	2a	5.4		259	37⅝	36¾	36⅞	
18⅝	10½	AVX			22	155	14⅝	14⅜	14⅝	
32	22½	AZP	2.72	8.6	8	1013	31⅞	31½	31¾	-¼
89¾	49½	AbtLab	1.68	1.9	22	2535	u90¾	89	90¾	+1
31⅞	19⅝	AccoWd	.50	1.7	21	13	30⅜	30¼	30¼	-¼
24¾	10	AcmeC	.40	2.8	20	435	13¾	13½	13¾	+⅛
9¼	7	AcmeE	.32b	4.1	15	50	8	7⅞	7⅞	-⅛
19¾	16¼	AdaEx	1.90e	9.7		91	19½	19¼	19½	
29	14	AdmMl	.40	1.5	12	34	27⅝	27¼	27⅝	
20⅝	8¾	AdvSys	1.38t	7.5	17	102	18⅜	18⅛	18⅛	-½
32⅞	22⅛	AMD				2409	30⅜	29¾	30⅛	-¼
12⅝	8¼	Adobe n				59	9⅜	9⅛	9⅜	+¼
18⅝	14⅝	Adob pf	1.84	11.		89	16¾	16½	16¾	+¼
20¼	15¼	Adob pf	2.40	12.		727	19¾	19⅝	19¾	
17¾	8⅛	Advest	.12a	.7	16	390	16⅞	16⅜	16⅞	+⅝
66¼	40	AetnLf	2.64	4.1	17	1503	64½	63½	64½	+1
69¼	29	Ahmns	1.38	2.1	8	3895	64⅞	63½	64⅝	+1¾
4¾	2½	Aileen			78	39	3⅞	3¾	3⅞	
82⅝	47½	AirPrd	1.48	1.8	17	2138	81¾	79¾	81½	+1⅝
27¾	17½	AirbFrt	.60	2.4	18	514	25½	25	25¼	-⅜
2⅛	⅜	AlMoart	.50c			91	½	15-32	½	

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¾	44⅞	Xerox	3	4.8	14	1909	165½	61⅞	62¾	−3⅝
57⅞	51	Xerox pf5.45		9.4		18	u58¼	58	58	+⅝
17	13½	Yoddn n				495	15	14⅝	14⅞	−⅛
37	28	ZaleCp 1.32		3.9	13	86	33⅞	33¾	33⅞	+⅛
15½	3½	Zapata .08j				200	4¼	4⅛	4⅛	−⅛
78	41⅜	Zayre s .64		.8	24	682	u78½	76¼	77	−⅞
28¾	18¼	ZenithE				2813	26	25¼	25⅞	+¾
38	13	ZenLbs .10		.3	23	1119	33⅝	32⅞	33¼	−⅜
22⅞	13¾	Zero s				137	21	20¼	20⅝	+⅛
45¾	28¾	Zurnin 1.32		3.2	15	429	42¼	41¾	41⅞	+⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 2pm, April 17

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Continued on Page 43

هكذا من الأجمل

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

GNP data hit rate expectations

US STOCK markets struggled to hold on to the massive gains of the previous session as Wall Street waited to see if the Federal Reserve would cut its discount rate today, *writes Terry Byland in New York.*

Confirmation that Col Gadaffi is still alive and in control in Libya dampened some of the enthusiasm seen late on Wednesday.

Bonds fell smartly on news of stronger than expected GNP estimates, which weakened the case for a discount rate cut, and stocks proved unable to follow through on early gains.

At 2pm the Dow Jones industrial average was down 0.20 at 1,847.72.

The 3.2 per cent gain in first-quarter GNP estimates was right at the top of market forecasts and brought falls of half a point in long-dated bonds. But equally unsettling for the credit markets was a sharp rally in crude oil futures in New York.

Short-term rates turned higher despite a federal funds rate down to 6¾ per cent without any intervention by the Federal Reserve.

Reductions in rates by French banks and plans for a discount cut in Sweden – heightened tension as Wall Street awaited a decision on the discount rate today. The credit markets have poised themselves for a cut of a full point in the Fed's official lending rate.

The stock market was kept busy digesting the heavy flow of corporate earnings. Turnover was heavy, and traders described the market as "unsure of itself."

Xerox, once the unchallenged monarch of the office copier industry, fell $3 to $62⅞ on lower profits.

Digital Equipment, number two to IBM in the data communications business, gained $2¾ to $176 after an initially confused response to a sharp rebound in third-quarter earnings. Digital stock was temporarily suspended for an order imbalance after falling $3 ahead of the profits statement.

The British Government's omission from its budget legislation of the planned 5 per cent levy on UK stock registered for trading as American Depositary Receipts – suggesting a change of heart on a proposal which has been badly received in the US – brought activity in some British ADRs.

ICI jumped $1½ to $58⅜, responding to good results from the leading US chemical groups. But there was renewed selling of Bowater Inc, with a 500,000 share block changing hands at $28, just below the market price.

Oils shaded nervously lower despite the rise in oil futures. At $56⅞ Exxon shed $⅛, Chevron eased $½ to $38½ and Atlantic Richfield $⅛ to $53⅝.

Airlines continued to shrug off any worries about terrorist danger to their international flights. Pan Am eased $¼ to $6⅝, but domestic carriers to move higher included United, up $¾ to $61¾.

IBM, $⅛ off at $154¾, set the tone for at dull technology sector. In tobaccos Philip Morris added $⅝ to $67⅞ and R.J. Reynolds $1¼ to $46⅝ after their respective results, which had been overshadowed by last week's developments in the cancer death legal suits.

Chemical stocks moved up behind the weaker dollar which will boost their exports, and also good trading results from major names. Dow at $52¼ added $1 on the results, but Monsanto fell $¼ to $64¾. At $48⅝ Hercules added $½ on its trading figures.

Pharmaceuticals also benefiting from a weaker dollar included Pfizer, up $⅞ at $62⅞ on the results.

Other industrials responding to trading news included Burlington Industries, up $⅜ at $39⅝, Lockheed, down $1⅞ at $56, Inland Steel, unchanged at $24, Alcoa, $¾ better at $46¼, and Warner Communications, unchanged at $44½.

In financials American Express dropped $½ to $67½, but there was a strong gain for BankAmerica, $1¼ up at $17⅞ in heavy trading after Salomon Bros had recommended the Californian bank's stock.

At mid-session the credit markets settled down to wait for news on the discount rate. The key long-bond yielded 7.12 per cent.

HONG KONG

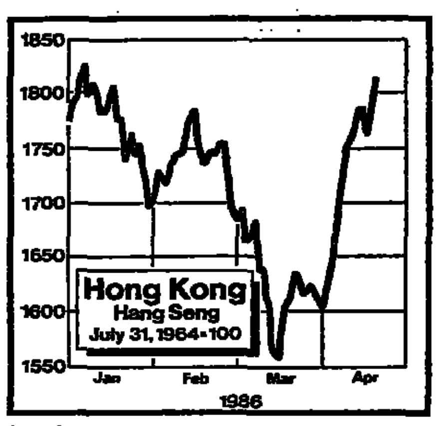
Optimism ahead of Cathay float

OPTIMISM ahead of next week's public flotation of Cathay Pacific Airlines accompanied a strong return to Hong Kong by overseas investors, and prices soared, pushing the index to record levels, *writes David Dodwell in Hong Kong.*

The Hang Seng index, the traditional measure of local stock market movements, rose 20 points to end the day at 1,812. This compares with a record set early in January of just under 1,827 and is more than 200 points above its low-water mark a month ago.

The Hong Kong index, which was launched at 1,000 on the new unified stock exchange on April 2, ended the day at 1,126, showing an improvement of almost 13 per cent in two weeks.

Turnover at HK$655m was the highest level of trading activity recorded so far this year – and almost three times the daily average for the year.



Brokers were buzzing with gossip over a "grey" market in Cathay Pacific shares almost two weeks before they are due to reach the market. Cathay shares are to be issued at HK$3.88 each, but confidence of heavy oversubscription is so strong that the "grey" market price was pressing above HK$5.40 a share.

News of Jardine Matheson mounting a US$125m Euro issue in a complex manoeuvre intended to dilute its strategic holding in Hongkong Land from 35.6 per cent to 30 per cent came after the local market closed.

Details of Jardine plan, Page 30

AUSTRALIA

INDUSTRIALS and other blue-chip issues were snapped up in Sydney yesterday, encouraging indices to record levels.

The All Ordinaries jumped 14.7 to a peak of 1,216.8 – the last record was set on April 11 at 1,214.6 – and the All Industrials surged 28.2 to a high of 1,971.9.

Speculation that Mr Robert Holmes à Court might sell his stake in BHP pushed the industrial to A$7.46 before it settled down to close at A$7.34, up 6 cents. Mr Holmes à Court's takeover vehicle, Bell Resources, jumped 50 cents to a record A$5.10, and Bell Group rose 20 cents to A$8.00.

SINGAPORE

BARGAIN hunters sought blue chips and speculative issues in Singapore yesterday, pushing prices up in most sectors.

However, market activity remained dampened by political uncertainty in Malaysia and concern over the local stockbroking industry.

The Straits Times industrial index added 5.42 to 578.58 while turnover dropped from 7.3m in the previous session to 6.4m shares.

SOUTH AFRICA

THE FIRMER rand, weaker dollar and listless bullion price combined to force issues sharply lower in Johannesburg yesterday.

Golds were especially hit. Vaal Reefs dropped R4.50 to R207.50, and Western Areas lost R1.30 to R10.60.

Among easier mining financials Anglo American gave up R1.35 to R41.50.

EUROPE

Frankfurt remains hub of activity

PEAKS were scaled and interest rates cut in Europe yesterday as investors put the spectre of a Mediterranean conflict safely behind them.

Frankfurt remained a hub of activity with investors deriving unbridled enthusiasm from the overnight showing in the US bond and stock markets. The Commerzbank index jumped 14.7 to 2,264.1, its seventh record in nine sessions as German investors judged that a cut in the US discount rate was imminent and that domestic rates would fall shortly.

Banking and utility stocks were the main attraction. Deutsche Bank finished DM 8.50 higher at DM 908.50 while Dresdner picked up DM 4.50 to DM 506 ex-rights and Commerzbank held on to a DM 4 advance at DM 377.50.

Among utilities Veba jumped DM 7.50 to DM 341.50 on interest rate hopes.

Car makers, which have been the heart and soul of much of the current bull run, turned mixed as Daimler encountered profit-taking and lost DM 4.50 to DM 1,545 after its dramatic DM 74.50 jump on Wednesday. VW gave up DM 1.50 to DM 682.50 despite reporting a dramatic rise in profits and dividend for 1985.

BMW, however, captured the affection and funds of many overseas investors, as it was bought DM 21 higher to close at DM 609.

The optimistic statements by Bundesbank president Karl Otto Pöhl that there was "further scope for interest rate reductions" by industrial nations galvanised sentiment and generated gains in virtually every sector.

Among the machinery makers, KHD rose DM 2 to DM 312 while GHH moved against the trend with a DM 2 slip to DM 248 after shareholders agreed the MAN merger and details were released of lower nine-month turnover.

Linde scored an impressive DM 46 jump to DM 775 although builder Holzmann was pegged at DM 650.

Siemens continued with its steady progress this week with a further DM 5 to DM 725 while AEG picked up DM 1 to DM 343.

The bond market was active with gains of up to 55 basis points in longs after early rises of up to a full point. The weaker dollar also aided sentiment.

The average yield on public authority paper is now 5.35 compared with Wednesday's 5.43. The Bundesbank sold a relatively small DM 14.2m worth of paper after sales of DM 100.6m in the previous session.

Amsterdam had by yesterday completely regained its composure after the bout of nerves generated by the US attack on Libya and confidently strode to a new all-time high with a 2.2 gain in the ANP-CBS General index to 273.8. Much of the support was foreign-based, enticed by the prospects of lower interest rates, while domestic investors were enthralled by the overnight display on Wall Street.

Internationals retained the appeal of earlier sessions. Hoogovens persisted with its advance and added Fl 2 to Fl 117.30 while Unilever edged Fl 1.50 higher to Fl 431.50. Royal Dutch, however, reversed an opening 60-cent rise into a loss of Fl 1.30 at Fl 192.30 as lower oil prices continue to take their toll.

ABN, strong on Wednesday, gave up a mid-session rise of Fl 4.50 as profit-takers moved in on the bank, leaving it unchanged at Fl 584. NMB was Fl 2 cheaper at Fl 201 ex its Fl 4.90 dividend. Copier maker Océ van der Grinten was marked Fl 3.50 down to Fl 448.50 ex its Fl 5.50 final dividend. The group announced higher first-quarter net profits late on Wednesday.

Nedlloyd fell Fl 5.80 to Fl 179.20 on its forecast for lower profits this year.

Amev rose 70 cents to Fl 86.60 on higher full-year results.

The bond market bubbled away in the wake of the powerful overnight rally in

Continued on Page 43

Amsterdam tightens regulations, Page 30

LONDON

MOUNTING pressure for cheaper money sent share and bond markets racing higher in London yesterday. Three-month interbank rates slipped 9¹⁵⁄₁₆ per cent.

Gilts, which gained around 1⅜ points before news of US first-quarter GNP figures, fell back to settle around 1 point higher.

Institutional interest pushed the FT Ordinary share index up 21.8 to 1,401.2, and the FT-SE 100 rose 18.9 to 1,680.9.

In situation issues, John Mowlem slipped 14p to 392p after making an agreed bid for SGB, 39p higher at 363p.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

CANADA

THE record-setting rally in Toronto paused yesterday, and most sectors began to ease.

Bell Canada, which will issue up to C$200m of common shares by private placement, traded C$¼ higher at C$40¼ and topped the active list.

Falconbridge continued lower, shedding C$⅝ to C$27⅞ after losing C$1¼ on Wednesday in the wake of a first-quarter operating loss.

Takeover target Hiram Walker was steady at C$38½ while Cominco lost C$¼ to C$13½ after bouncing back into the black on first-quarter earnings results.

Montreal was also lower with some gains seen in the utilities sector.

TOKYO

Lower rate hopes fuel broad rise

PROSPECTS of imminent Japan-US action to lower official discount rates boosted prices across a wide front in Tokyo yesterday, but the upward trend later deflated amid growing concern over the market outlook, *writes Shigeo Nishiwaki of Jiji Press.*

Investors selectively bought blue chips, such as JVC, medium and small-capital issues, and leading domestic-demand shares, but their focus was generally blurred.

The Nikkei average gained 128.48 to 15,486.84 on volume of 590.75m shares, compared with Wednesday's 567.95m. Winners outnumbered losers by 529 to 335, with 102 issues unchanged.

The stock market moved out of its corrective phase as it became almost certain that the Bank of Japan will reduce its discount rate for a third time this year following the US Federal Reserve discount rate cut anticipated toward the end of this week.

High-tech blue-chip stocks were spotlighted in the morning before losing popularity in the afternoon. Hitachi climbed to Y843 on news that the company's consolidated net profit would increase nearly 10 per cent for the year ending next March, thanks to a recovery in demand for semiconductors. But late selling saw the stock close only Y1 up at Y830.

JVC was up Y100 at one stage but finished Y60 up at Y2,650. Oki Electric also rose Y10 but closed Y11 down at Y712.

Buying interest shifted to medium and small-capital domestic stocks featuring steady earnings and the potential to appreciate. Meiji Milk Products advanced Y29 to Y525 on heavy buying. Hattori Seiko added Y150 to Y1,520, Kokuyo Y140 to Y1,780 and Kinki Nippon Tourist Y170 to Y1,440.

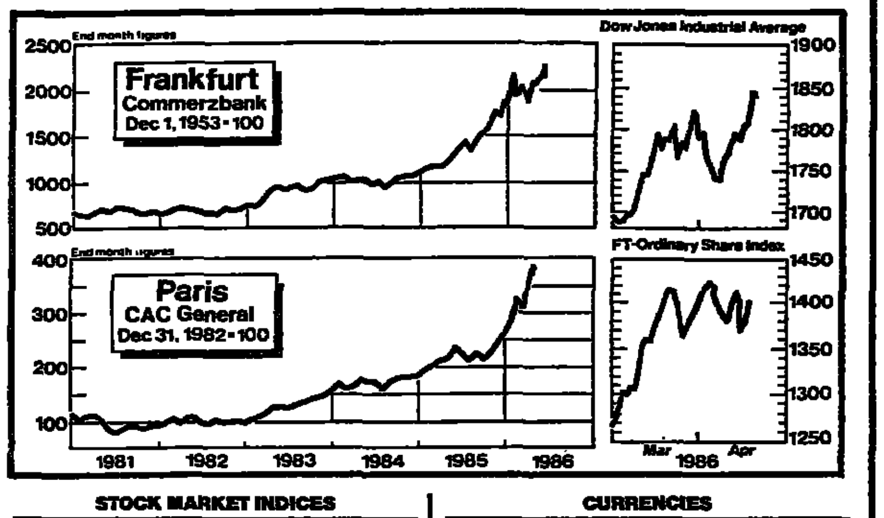
In the afternoon investors sought leading domestic-demand shares. Electric power, gas and property issues soared on a broad front. Tokyo Gas gained Y14 to Y402 on volume of 17.54m shares, the second largest among the 10 most active stocks.

Among the favoured property issues Mitsui Real Estate Development climbed Y40 to Y1,640 and Mitsubishi Estate Y50 to Y1,850.

The yield on the bellwether 6.2 per cent government bond due in July 1995 plunged to 4.670 per cent at one stage from Wednesday's 4.890 per cent but later moved up to finish at 4.735 per cent on profit-taking.

On the over-the-counter market the yield fell to 4.700 per cent. Dealers were bullish about the market outlook.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 17	Previous	Year ago
DJ Industrials	1,847.72*	1,847.97	1,272.31
DJ Transport	818.20*	813.3	594.33
DJ Utilities	191.48*	191.22	155.62
S&P Composite	242.28*	242.22	181.68
LONDON			
FT Ord	1,401.2	1,379.4	991.5
FT-SE 100	1,680.9	1,662.0	1,304.0
FT-A All-share	820.78	812.17	628.89
FT-A 500	903.77	892.88	692.12
FT Gold mines	274.6	282.9	507.2
FT-A Long gilt	8.77	8.9	10.51
TOKYO			
Nikkei	15,486.84	15,358.4	12,302.1
Tokyo SE	1,234.67	1,223.1	953.9
AUSTRALIA			
All Ord.	1,216.7	1,202.9	853.3
Metals & Mins.	553.5	554.7	556.2
AUSTRIA			
Credit Aktien	121.68	119.6	75.35
BELGIUM			
Belgian SE	3,566.21	3,496.38	2,224.51
CANADA			
Toronto			
Metals & Minls	2,219.1*	2,244.6	2,068.0
Composite	3,112.0*	3,118.7	2,547.3
Montreal			
Portfolio	1,617.54*	1,623.33	130.51
DENMARK			
SE	n/a	248.24	189.94
FRANCE			
CAC Gen	368.9	368.5	214.3
Ind. Tendance	138.8	139.6	76.2
WEST GERMANY			
FAZ-Aktien	753.88	747.07	421.28
Commerzbank	2,278.8	2,264.1	1,220.7
HONG KONG			
Hang Seng	1,812.00	1,791.19	1,505.97
ITALY			
Banca Comm.	746.63	727.63	270.51
NETHERLANDS			
ANP-CBS Gen	273.8	271.6	206.8
ANP-CBS Ind	259.7	256.0	166.1
NORWAY			
Oslo SE	353 85	356.76	310.33
SINGAPORE			
Straits Times	578.58	573.16	793.47
SOUTH AFRICA			
JSE Golds	–	1,157.7	1,107.9
JSE Industrials	–	1,103.7	892.7
SPAIN			
Madrid SE	163.13	160.39	81.93
SWEDEN			
J & P	2,357.88	2,319.16	1,428.03
SWITZERLAND			
Swiss Bank Ind	607.7	601.6	418.2
WORLD	April 16	Prev	Year ago
MS Capital Int'l	313.3	307.8	204.0

COMMODITIES

(London)	April 17	Prev
Silver (spot fixing)	357.25p	359.00p
Copper (cash)	£940.50	£955.50
Coffee (May)	£2,232.50	£2,227.00
Oil (Brent blend)	$11.60	$11.175

GOLD (per ounce)

	April 16	Prev
London	$339.75	$339.00
Zürich	$340.05	$341.25
Paris (fixing)	$341.52	$341.49
Luxembourg	$339.30	$341.10
New York (June)	$339.50	$341.90

CURRENCIES

	US DOLLAR		STERLING	
(London)	April 17	Previous	April 17	Previous
$	–	– –	1.5245	1.5055
DM	2.2245	2.251	3.3925	3.39
Yen	175.65	176.6	267.75	266.0
FFr	7.0925	7.1625	10.8125	10.7825
SFr	1.8555	1.8865	2.8275	2.84
Guilder	2.51	2.535	3.825	3.815
Lira	1,524.5	1,541.5	2,324.0	2,320.75
BFr	45.35	45.8	69.15	68.95
C$	1.3905	1.39	2.117	2.092

INTEREST RATES

Euro-currencies (3-month offered rate)	April 17	Prev
£	10	10¼
SFr	4⁷⁄₁₆	4¼
DM	4⁷⁄₁₆	4½
FFr	7½	7⅝
FT London Interbank fixing (offered rate)		
3-month US$	6⁹⁄₁₆	6¾
6-month US$	6⁹⁄₁₆	6¹¹⁄₁₆
US Fed Funds	6¾*	7¹⁵⁄₁₆
US 3-month CDs	6.25*	6.3
US 3-month T-bills	5.825*	5.765

US BONDS

Treasury		April 17* Price	Yield	Prev Price	Yield
7¼	1988	101¹⁹⁄₃₂	6.396	101¹⁷⁄₃₂	6.63
7⅜	1993	103²⁄₃₂	6.815	103	6.789
8⅞	1996	113⁸⁄₃₂	6.982	113	6.79
9¼	2016	126	7.13	125²⁴⁄₃₂	7.149

Treasury Index Maturity (years)	Return index	April 17 Day's change	Yield	Day's change
1–30	154.6	+1.57	6.89	−0.19
1–10	145.43	+0.93	6.71	−0.18
1–3	135.55	+0.35	6.49	−0.14
3–5	147.66	+0.91	6.81	−0.18
15–30	187.52	+3.83	7.48	−0.21

Source: Merrill Lynch

Corporate	April 17* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101⅝	9.95	101⅝	9.95
3⅞ July 1990	89½	6.8	89½	6.8
8¾ May 2000	99⅝	8.82	99⅝	8.82
Xerox				
10⅞ Mar 1993	108⅝	7.97	108⅝	7.97
Diamond Shamrock				
10⅞ May 1993	102⅛	9.96	102⅛	9.96
Federated Dept Stores				
10⅜ May 2013	111.43	9.45	111.43	9.45
Abbot Lab				
11.80 Feb 2013	111⅜	10.47	111⅜	10.47
Alcoa				
12¼ Dec 2012	111½	10.91	111½	10.91

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	104–22	105–15	104–04	104–27
US Treasury Bills (IMM) $1m points of 100%				
June	94.61	94.70	94.54	94.69
Certificates of Deposit (IMM) $1m points of 100%				
June	n/a	n/a	93.90	93.97
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.57	93.72	93.54	93.57
20-year Notional Gilt £50,000 32nds of 100%				
June	129–08	130–03	129–01	128–17

* Latest available figures